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MARKETING and TRANSPORTATION SITUATION



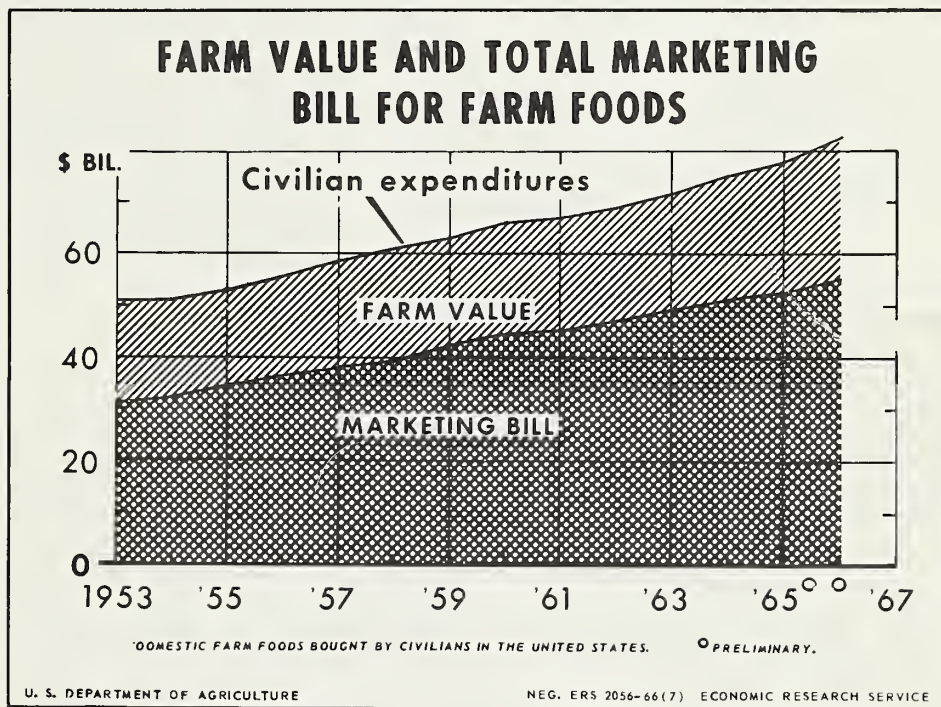
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The bill for marketing domestic farm-originated food products to civilian consumers in this country will total about \$55 billion this year--6 percent more than in 1965. Rising marketing costs accounted for about two-thirds of the increase, and growth in the volume of products for the remainder. Consumers will spend approximately \$83 billion for these foods--7 percent more than in 1965. Returns to farmers will total about \$28 billion--almost 10 percent more than in 1965.



1967 OUTLOOK ISSUE

- THE FREIGHT CAR SITUATION AND PROSPECTS

U. S. DEPT. OF AGRICULTURE
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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1965		1966		
		Year	July-Sept.	Jan.-Mar.	Apr.-June	July-Sept.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	1,042	1,060	1,091	1,095	1,112
Farm value	Dol.	409	418	453	439	453
Farm-retail spread	Dol.	633	642	638	656	659
Farmer's share of retail cost	Pct.	39	39	41	40	41
Cotton: 2/						
Retail cost	Dol.	2.17	2.17	2.19	2.21	2.21
Farm value	Dol.	.30	.29	.29	.29	3/.24
Farm-retail spread 4/.....	Dol.	1.87	1.88	1.90	1.92	1.97
Farmer's share of retail cost	Pct.	14	13	13	13	11
Cigarettes: 5/						
Retail cost	Ct.	32.4	---	---	---	---
Farm value	Ct.	4.26	---	---	---	---
Federal and State excise taxes	Ct.	14.1	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	14.0	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 6/						
Disposable personal income	Dol.	2,411	2,443	2,525	2,543	2,574
Expenditures for goods and services	Dol.	2,218	2,232	2,324	2,340	2,384
Expenditures for food	Dol.	439	440	458	463	466
Expenditures for food as percentage of disposable income	Pct.	18.2	18.0	18.2	18.2	18.1
		1965		1966		
		Year	Sept.	July	August	Sept.
7/						
Hourly earnings, production workers, manufacturing:	Dol.	2.61	2.63	2.71	2.70	2.74
Hourly earnings of food marketing employees 8/.....	Dol.	2.30	2.32	2.39	2.38	---
Retail sales: 9/						
Food stores	Mil. dol.	5,577	5,586	5,924	5,958	---
Apparel stores	Mil. dol.	1,313	1,343	1,464	1,508	---
Manufacturers' inventories: 9/						
Food and kindred products	Mil. dol.	6,034	5,881	6,534	6,361	6,311
Textile mill products	Mil. dol.	3,130	3,038	3,297	3,348	3,329
Tobacco products	Mil. dol.	2,371	2,286	2,366	2,350	2,332
Indexes of industrial production: 10/						
Food and beverage manufactures	1957-59=100	123.3	123.2	128.5	128.2	---
Textile mill products	1957-59=100	134.8	135.7	143.5	142.7	---
Apparel products	1957-59=100	145.0	143.8	149.8	---	---
Tobacco products	1957-59=100	120.5	120.6	116.5	---	---
Index of physical volume of farm marketings	1947-49=100	119	140	111	116	---
<u>Price indexes</u>						
Consumer price index	1957-59=100	109.9	110.2	113.3	113.8	114.1
Wholesale prices of food 11/.....	1957-59=100	104.5	105.8	110.9	112.4	114.2
Wholesale prices of cotton products	1957-59=100	100.2	100.6	103.0	103.3	103.1
Wholesale prices of woolen products	1957-59=100	104.3	105.2	106.7	106.6	106.1
Prices received by farmers	1957-59=100	102	103	110	113	112
Prices paid by farmers, interest, taxes, and wage rates 12/.....	1957-59=100	110	110	114	114	115

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Farm value does not include direct payment to farmers. 4/ The farm-retail spread does not include value of payments-in-kind certificates made to domestic users of eligible U.S. raw upland cotton. This value amounted to 6.5 cents per pound of raw cotton from April 1964 through July 1965 and 5.7 cents from August 1965 through July 1966. Beginning in August 1966, certificates were discontinued and support prices of raw cotton were reduced. 5/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1966. 6/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data. 7/ Dept. Labor. 8/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 9/ Seasonally adjusted, Dept. Commerce. Sales data for 1965 are averages of monthly totals (unadjusted). Inventory data for 1965 are book values at end of year (adjusted). 10/ Seasonally adjusted, Board of Governors of Federal Reserve System. 11/ Fresh and dried fruits and vegetables, eggs, and processed foods; Dept. Labor. 12/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, November 4, 1966

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SUMMARY

Spreads between the retail cost and farm value (return to farmers) of the "market basket" of farm foods are expected to average around 3 or 4 percent wider next year than in 1966. Most of the increase will be reflected in rises in the retail cost of these foods, since the farm value is expected to be about the same as this year. The farmer's share of the dollar consumers spend for these foods in 1967 probably will average about a cent less than the 40 or 41 cents expected this year.

Costs of performing marketing services probably will go up again next year. Hourly earnings of marketing firm employees are likely to rise more than output per man-hour, causing an increase in labor costs per unit of product. Other costs (except farm product costs) are expected to rise again next year.

In the third quarter this year, the retail cost of the market basket of farm food averaged 2 percent higher than in the preceding quarter, and 5 percent higher than in the third quarter of 1965. The farm value of these products was up 3 percent from the second quarter, and 8 percent from the third quarter last year. Farm-retail spreads averaged about the same as in April-June, but were almost 3 percent wider than a year earlier. The farmer's share of the dollar consumers spent in retail food stores for these products averaged 41 cents in the third quarter--1 cent more than in the previous quarter and 2 cents more than a year earlier.

The bill for marketing the domestic farm-originated foods bought by U.S. civilian consumers this year is estimated at \$55 billion--up \$2.9 billion, or 6 percent from 1965, and considerably larger than the average yearly gain for the past 10 years. Farm-retail spreads for these products increased sharply this year, and the volume of products marketed continued to grow. Receipts by farmers for these food products will likely total about \$28.0 billion this year--\$2.5 billion more than in

1965. This would be the largest year-to-year increase since 1951. Civilian consumers' expenditures for these products are expected to approximate \$83 billion this year--\$5.4 billion higher than in 1965.

Receipts by farmers for these products probably will be about the same next year as in 1966. The marketing bill and consumers' expenditures, however, will go up again.

Marketing firms' costs appear to have risen more in 1966 than in other recent years. Hourly earnings of employees have continued to rise. Continued improvements in output per man-hour, however, probably have kept unit labor costs from rising as much as hourly earnings. Prices of containers and other supplies, machinery, and various services used by marketing firms have risen more than in other recent years. Interest rates are up sharply. Business taxes (not including Federal income taxes) have increased.

Profit ratios of corporations manufacturing food, tobacco, and textile mill products averaged about the same in the first half of 1966 as a year earlier. However, profit ratios for corporations manufacturing apparel and other finished textile products gained. Profits of leading retail food chains as a percentage of sales in the first half were unchanged from a year earlier.

Marketings by farmers this year will be larger than last year's record volume and are expected to increase again next year. Output of products manufactured from farm-produced raw materials has increased this year. Population growth, increasing consumer incomes, and expanding export markets are expected to increase the demand for services of firms marketing farm products. Investments by these firms in plant and equipment have increased substantially in recent years.

Highlights of Special Article

The Freight Car Situation and Prospects, p. 25.--Box and hopper cars for grain movement appear to be the types of freight cars for which shortages have been most severe. A very rapid growth in the economy over the past 5 years was a major factor on the demand side in these shortages.

On the supply side, freight cars owned or leased by Class I railroads decreased from 1.75 million at the end of World War II to 1.48 million at the end of 1965. Expectations during most of this period of low returns on investments made in new freight cars account in part for these declines. Low daily rental charges paid by railroads for use of interchange cars and loss of traffic to competing modes--primarily trucks and pipelines--were the factors leading to the pessimistic expectations.

The supply of freight cars probably will continue short in 1967, although orders for new cars have exceeded capacity of car builders for more than a year.

Rental charges applicable on many of the cars used for grain gathering declined following the changes of rental charges to a scale of rates rather than a flat per car charge. Grain and lumber shippers in the Great Plains and Pacific Northwest reportedly received relatively fewer cars for their shipments in 1964, 1965, and early 1966 than in earlier years as a result of this adjustment in rental charges.

Following pleas and petitions by grain and lumber shippers' representatives, ICC issued orders in 1966 for cars belonging to some roads in the grain belt to be returned rapidly to the areas. It appears likely that grain shippers in 1967 must rely upon the extension of ICC orders for rapid car return.

FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS--RECENT
TRENDS AND OUTLOOK

Retail Prices Rise

The retail cost of the farm food market basket will average about 6 percent higher in 1966 than in 1965, according to preliminary estimates, mainly because of higher retail prices for meat products, dairy products, poultry, and eggs (table 1). ^{1/} The retail cost of the other product groups will also be up. Approximately three-fifths of the rise in the market basket retail cost will result from higher farm prices and two-fifths from higher marketing costs. However, nearly all the rise in retail cost since World War II has resulted from increased marketing costs.

The retail cost of the market basket is estimated at \$1,112 (annual rate) in the third quarter--up about 2 percent from the preceding quarter (table 2). Higher retail prices for dairy products, fresh fruits, bakery and cereal products, and eggs contributed most to the quarterly increase. Retail costs of all product groups rose except those for meat, poultry, and fresh vegetables. Prices of fresh vegetables declined significantly.

Compared to the third quarter last year, the retail cost of market basket foods averaged 5 percent higher in the third quarter. Retail costs of all product groups rose. However, the dairy products, meat products, and bakery and cereal groups accounted for almost two-thirds of the rise. Eggs and fresh fruits accounted for another 20 percent of the rise. Price declines for items in the market basket were few. The largest percentage decline was for potatoes, for which prices averaged 22 percent lower than in the third quarter of 1965.

Farm Value Up Significantly

Farm value of the foods in the market basket probably will average about \$445 this year--an increase of 9 percent from 1965. ^{2/} This increase from last year will result mainly from higher prices paid to farmers for meat animals, milk, and eggs. The farm value for processed fruits and vegetables has declined from last year.

The farm value of foods in the market basket rose to \$453 in the third quarter--up 3 percent from the preceding quarter. Most of the rise resulted from higher farm prices for milk, eggs, wheat, and soybeans. The rise was moderated slightly by lower farm prices for poultry and some fruits and vegetables.

The farm value of the market basket foods was about 8 percent higher in the third quarter of this year than a year earlier. Higher farm prices for milk, eggs, wheat, and soybeans accounted for much of the rise. These increases were partly offset by declining farm prices for potatoes and some fruits and vegetables for processing.

^{1/} The farm food market basket contains the average quantities of domestic farm-originated food products purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods, fishery products and other foods of non-farm origin, or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family.

^{2/} The farm value is the estimated return to farmers for the farm products equivalent to the foods in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, average 1947-49, 1956-66 ^{1/}

Year and month	Retail cost	Farm value ^{2/}	Farm-retail spread	Farmer's share
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
1947-49 average ..	890	441	449	50
1956	920	369	551	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average ..	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964	1,014	374	640	37
1965 ^{3/}	1,042	409	633	39
1966 ^{3/}	1,100	445	655	40
<u>1965</u>				
January	1,015	381	634	38
February	1,014	387	627	38
March	1,015	384	631	38
April	1,022	397	625	39
May	1,030	407	623	40
June	1,063	423	640	40
July	1,072	425	647	40
August	1,059	418	642	39
September	1,050	412	638	39
October	1,047	415	632	40
November	1,046	414	632	40
December	1,061	443	618	42
<u>1966</u>				
January	1,073	440	633	41
February	1,095	458	637	42
March	1,103	459	644	42
April	1,100	447	653	41
May	1,092	433	658	40
June	1,094	436	658	40
July	1,099	445	654	40
August	1,121	460	661	41
September ^{3/}	1,117	453	664	41

^{1/} Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics. Monthly data are annual rates.

^{2/} Payments to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

^{3/} Preliminary.

Table 2.--The market basket of farm foods: Retail cost, farm value, and farm-retail spread, July-September 1966, April-June 1966, and July-September 1965

Item	July- September 1966	April- June 1966	July- September 1965	Change: July-September 1966 from			
				April-June 1966		July-September 1965	
	Dol.	Dol.	Dol.	Dol.	Pct.	Dol.	Pct.
Retail cost							
Market basket	1,112.46	1,095.16	1,060.28	17.30	2	52.18	5
Meat products	330.24	330.90	319.56	-.66	1/	10.68	3
Poultry	50.73	51.06	48.45	-.33	-1	2.28	5
Eggs	43.04	40.01	37.71	3.03	8	5.33	14
Dairy products	193.87	186.12	178.70	7.75	4	15.17	8
Bakery and cereal products	168.41	164.71	160.51	3.70	2	7.90	5
Fresh fruits	50.34	45.46	45.81	4.88	11	4.53	10
Fresh vegetables ...	69.52	71.13	69.36	-1.61	-2	.16	1/
Processed fruits and vegetables ...	119.62	119.50	116.29	.12	1/	3.33	3
Fats and oils	39.22	38.87	37.63	.35	1	1.59	4
Miscellaneous products	47.47	47.40	46.26	.07	1/	1.21	3
Farm value							
Market basket	452.76	438.68	418.15	14.08	3	34.61	8
Meat products	182.55	180.94	174.91	1.61	1	7.64	4
Poultry	25.70	26.97	25.10	-1.27	-5	.60	2
Eggs	28.58	24.95	23.50	3.63	15	5.08	22
Dairy products	93.42	84.92	79.48	8.50	10	13.94	18
Bakery and cereal products	39.06	35.95	33.09	3.11	9	5.97	18
Fresh fruits	14.81	15.86	13.61	-1.05	-7	1.20	9
Fresh vegetables ...	23.27	24.15	22.27	-.88	-4	1.00	4
Processed fruits and vegetables ...	23.39	24.15	27.17	-.76	-3	-3.78	-14
Fats and oils	13.11	12.05	10.64	1.06	9	2.47	23
Miscellaneous products	8.87	8.74	8.38	.13	1	.49	6
Farm-retail spread							
Market basket	659.70	656.48	642.13	3.22	1/	17.57	3
Meat products	147.69	149.96	144.65	-2.27	-2	3.04	2
Poultry	25.03	24.09	23.35	.94	4	1.68	7
Eggs	14.46	15.06	14.21	-.60	-4	.25	2
Dairy products	100.45	101.20	99.22	-.75	-1	1.23	1
Bakery and cereal products	129.35	128.76	127.42	.59	1/	1.93	2
Fresh fruits	35.53	29.60	32.20	5.93	20	3.33	10
Fresh vegetables ...	46.25	46.98	47.09	-.73	-2	-.84	-2
Processed fruits and vegetables ...	96.23	95.35	89.12	.88	1	7.11	8
Fats and oils	26.11	26.82	26.99	-.71	-3	-.88	-3
Miscellaneous products	38.60	38.66	37.88	-.06	1/	.72	2

1/ Less than 0.5 percent.

Marketing Spreads Wider in 1966

This year the spread between the retail cost and farm value of the market basket of farm-originated foods will average 3 to 4 percent wider than in 1965. ^{3/} This will be the largest increase since 1958, when it increased 5 percent. Spreads will be wider for all product groups except dairy products. Percentage increases have been largest for meat products, fruits, and vegetables. Operating costs probably have increased more in 1966 than in other recent years (pp. 11-21).

Marketing spreads continued to widen in the third quarter. The spread between the farm value and retail costs of the farm food market basket was \$659--about the same as in the second quarter. Fresh fruits, poultry, processed fruits and vegetables, and bakery and cereal products accounted for the increase. Spreads for all other product groups decreased slightly.

The third quarter farm-retail spread for the market basket was almost 3 percent wider this year than in 1965. Spreads were wider for all product groups, except fresh vegetables and fats and oils.

Farmer's Share Up 2 Cents from Last Year

Farmers will receive an average of 40 or 41 cents of the dollar consumer's spend in retail food stores for farm-originated foods this year--the largest annual share since 1958 (table 1). The third quarter estimated share was 41 cents--1 cent more than in the previous quarter, and 2 cents more than a year earlier.

Marketing Spreads Change Little as Prices for Milk and Dairy Products Rise

The farm value of the dairy products group has risen every quarter since April-June 1965--increasing 21 percent during this period. Milk production for the first 9 months of this year totaled about 4 percent less than during the corresponding period last year.

Farm values of these products in the third quarter of this year were about 10 percent higher than in the preceding quarter, and about 18 percent higher than in the third quarter 1965 (table 17, p. 40). In contrast, the farm-retail spread for dairy products in the third quarter this year decreased slightly from the previous quarter, and was only slightly wider than in the third quarter 1965 (table 18, p. 41). The combined retail cost of fluid milk and manufactured dairy products rose about 4 percent from the second to the third quarter and 8 percent from the third quarter 1965.

Farm and Retail Prices for Eggs Rise

Production of eggs during the first 9 months of this year averaged more than 1 percent lower than in the same period of 1965. Consumers paid 59.7 cents per dozen in the third quarter--up 4.2 cents from the second quarter, and 7.4 cents from a year earlier. The farm value rose 5.0 cents from the second quarter to 39.6 cents in the third quarter--7.0 cents higher than a year earlier. The farm-retail spread remained relatively stable. It decreased 0.8 cent from the second to the third quarter. However, the third-quarter average was 0.4 cent wider than a year earlier.

^{3/} The farm-retail marketing spread is the difference between the retail cost and the farm value of the market basket. It is an estimate of gross revenues received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Farm-Retail Spreads for Bread Rise

Consumers paid an average of 22.5 cents per 1-pound loaf of white bread in the third quarter of this year--up 0.7 cent from the second quarter, and 1.7 cents from a year earlier. The rising retail price reflected an increase in both marketing spreads and the value of farm ingredients. About half of the rise in retail price from the second to the third quarter was attributable to increased marketing spreads, and half to increased farm value of farm-originated ingredients. However, compared to the third quarter 1965, about two-thirds of the rise in the price of bread resulted from increased marketing spreads, and about one-third to greater returns to farmers.

Wholesale-Retail Spreads for Choice Beef and Pork Widened in 1966

The farm-retail spread for pork averaged 31.6 cents during the first 9-months of 1966--3.8 cents wider than in the same period last year (table 3). Most of the increase was in the wholesale-retail spread. It widened 3.5 cents, compared with 0.4 cent for the farm-wholesale spread.

The farm-retail spread for Choice beef averaged 34.4 cents during the first 9 months of 1966--the same as a year earlier. Notwithstanding, the wholesale-retail spread widened 1.8 cents, and the farm-wholesale spread decreased by a like amount.

The Outlook for 1967

Farm-retail spreads for the products in the market basket probably will average around 3 to 4 percent wider in 1967 than in 1966. Spreads are likely to be wider for all product groups. These spreads increased by an average of 2 percent (compound rate) during the past decade.

Operating costs of food marketing firms likely will average higher in 1967 than in the current year. Hourly earnings (including fringe benefits) of food marketing employees will continue to rise, and the rise is not likely to be entirely offset by increases in output per man-hour. Average prices of most inputs bought by marketing firms are expected to be higher next year.

The total farm value of the market basket of farm foods is expected to be about the same in 1967 as this year.

Retail prices of farm food products will average higher next year than in 1966, because of increases in marketing spreads.

The farmer's share of the dollar consumers spend for the foods in the market basket is expected to average 1 cent smaller next year than the expected 40 to 41 cents in 1966.

: The Marketing and Transportation Situation is published in :
: February, May, August, and November. :
: : :

: The next issue is scheduled for release in February 1967. :
: : :

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1963-65, by quarters, 1965-66

Date	Retail price	Wholesale	Gross	Byproduct	Net	Farm-retail spread			
	per pound	value	farm	allowance	farm	Total	Wholesale-	Farm-	Farmer's
	1/	2/	3/	4/	5/		retail	wholesale	share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1963	81.0	56.1	51.1	4.5	46.6	34.4	24.9	9.5	58
1964	77.8	53.8	46.6	4.2	42.4	35.4	24.0	11.4	54
1965	81.6	57.6	51.6	4.8	46.8	34.8	24.0	10.8	57
1965									
Jan.-Mar.	78.6	53.7	47.5	4.2	43.3	35.3	24.9	10.4	55
Apr.-June	80.5	58.8	53.0	4.7	48.3	32.2	21.7	10.5	60
July-Sept.	84.2	60.3	53.9	5.4	48.5	35.7	23.9	11.8	58
Oct.-Dec.	82.9	57.8	52.1	5.2	46.9	36.0	25.1	10.9	57
1966									
Jan.-Mar.	84.6	60.6	57.4	6.0	51.4	33.2	24.0	9.2	61
Apr.-June	85.5	59.9	57.2	6.3	50.9	34.6	25.6	9.0	60
July-Sept.	84.4	58.2	55.2	6.1	49.1	35.3	26.2	9.1	58
Oct.-Dec.									
Pork									
1963	57.3	40.3	31.0	3.9	27.1	30.2	17.0	13.2	47
1964	56.4	40.0	30.7	4.0	26.7	29.7	16.4	13.3	47
1965	64.3	49.5	42.1	5.5	36.6	27.7	14.8	12.9	57
1965									
Jan.-Mar.	56.8	41.3	32.9	4.5	28.4	28.4	15.5	12.9	50
Apr.-June	59.7	46.2	38.8	5.1	33.7	26.0	13.5	12.5	56
July-Sept.	69.7	54.2	46.6	5.8	40.8	28.9	15.5	13.4	59
Oct.-Dec.	70.7	56.2	50.1	6.4	43.7	27.0	14.5	12.5	62
1966									
Jan.-Mar.	78.1	59.6	53.3	7.0	46.3	31.8	18.5	13.3	59
Apr.-June	72.4	53.7	46.1	6.3	39.8	32.6	18.7	13.9	55
July-Sept.	73.6	55.6	49.4	6.4	43.0	30.6	18.0	12.6	58
Oct.-Dec.									
Lamb, (Choice grade)									
1963	71.3	48.7	42.9	6.3	36.6	34.7	22.6	12.1	51
1964	73.6	52.5	46.8	7.1	39.7	33.9	21.1	12.8	54
1965	78.6	58.4	53.2	7.9	45.3	33.3	20.2	13.1	58
1965									
Jan.-Mar.	75.6	55.3	50.2	8.1	42.1	33.5	20.3	13.2	56
Apr.-June	79.2	61.0	54.8	8.2	46.6	32.6	18.2	14.4	59
July-Sept.	83.0	58.8	53.7	6.8	46.9	36.1	24.2	11.9	57
Oct.-Dec.	80.4	58.4	54.1	8.5	45.6	34.8	22.0	12.8	57
1966									
Jan.-Mar.	85.7	65.0	61.2	10.2	51.0	34.7	20.7	14.0	60
Apr.-June	86.9	60.5	55.8	9.2	46.6	40.3	26.4	13.9	54
July-Sept.	86.9	56.8	53.1	8.0	45.1	41.8	30.1	11.7	52
Oct.-Dec.									

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

THE BILL FOR MARKETING FARM FOOD PRODUCTS

Civilian consumers in this country are expected to spend approximately \$83 billion for domestic farm-originated food products this year--7 percent more than in 1965 (table 4). About three-fourths of this rise resulted from increases in prices of food in retail stores and away-from-home eating places, one-fourth from expansion in volume of purchases. Expenditures for all groups of food products increased. Percentage increases were largest for meats, poultry, eggs, and dairy products.

Returns to farmers (the farm value) from these products will total about \$28 billion in 1966--almost 10 percent more than in 1965. This was slightly larger than the increase between 1964 to 1965, and was the largest gain since 1951. Farm values of all product groups except fruits and vegetables and fats and oils increased. The largest percentage increases were for grain and dairy products.

The bill for marketing these products will amount to \$55 billion in 1966--about 6 percent more than in 1965. The average annual increase during 1955-65 was 4 percent. About two-thirds of the rise this year are attributable to rising marketing costs per unit of product handled, while the rest of the rise is due to continued growth in the volume of products. Marketing bills for all product groups increased.

The farm value of foods sold to civilian consumers in this country may be about the same in 1967 as in 1966. Prospective decreases in prices received by farmers for several of these products probably will be offset by increases in volumes of products marketed.

The marketing bill will continue to increase next year, as it has each year since 1950. Consumer expenditures for these foods also will rise as a result of higher prices and increased volume. Increases in the proportion of food consumed in away-from-home eating places likely will add to the marketing bill and consumer expenditures.

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

Labor Costs

Earnings of employees in food marketing establishments averaged \$2.38 in August this year--4 percent more than a year earlier (table 5). This rise equals the average annual increase of 4 percent during 1955-65. The average dipped as usual last summer because of a seasonal increase in the proportion of lower paid workers.

Increases in average hourly earnings of food marketing employees were fairly comparable with those in other lines of manufacturing and trade. Hourly earnings in food manufacturing establishments averaged \$2.49 in August this year--about 4 percent higher than in the same month of 1965. In all manufacturing establishments, the average was \$2.70--up 4 percent from August 1965. In the wholesale food trade, employees averaged \$2.51 per hour in August--5 percent more than a year earlier. This compares with an hourly average of \$2.72 in all wholesale trades--5 percent higher than in August last year. Earnings of employees in retail food stores averaged \$2.12--3 percent more than in August 1965. Employees in all retail establishments earned an hourly average of \$1.90 in August--4 percent higher than a year earlier.

Average hourly earnings are affected by changes in the proportion of workers in lower and higher paid groups, the number of hours of overtime for which premium rates are paid, and wage rates. Part of the rise in average hourly earnings has resulted from increases in the proportion of higher paid workers, such as scientists, engineers, and various types of technical employees.

Table 4.--The total marketing bill, farm value, and consumer expenditures for domestic farm food products bought by civilians, United States, average 1947-49, annual 1955-66

Year	Total marketing bill	Farm value <u>1/</u>	Civilian expenditures for farm foods <u>2/</u>
	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>
1947-49 average ...	24.5	18.9	43.4
1955	34.4	18.7	53.1
1956	36.3	19.2	55.5
1957	37.9	20.4	58.3
1958	39.5	21.5	61.0
1959	42.2	20.9	63.1
1957-59 average ...	39.9	20.9	60.8
1960	44.2	21.7	65.9
1961	45.1	22.0	67.1
1962	46.9	22.4	69.3
1963	48.9	22.6	71.5
1964	51.2	23.4	74.6
1965 <u>3/</u>	52.1	25.5	77.6
1966 <u>3/</u>	55.0	28.0	83.0

1/ The farm value is the payment to farmers for the products equivalent to those sold to consumers. The values of inedible byproducts, nonfood products, and exports are not included. In calculating the farm value of wheat products, the cost of domestic wheat marketing certificates to wheat processors was added to the market price of wheat beginning in the second half of 1964.

2/ Consumer expenditures for domestic farm-food products; excluded are expenditures for imported foods, seafoods, and other foods of nonfarm origin.

3/ Preliminary.

Beginning with 1960, estimates in this table are for 50 states.

Data for 1947-54 published in the Marketing and Transportation, Aug. 1966, (MTS-162), and in a reprint ERS 20 (1966).

For most years, costs of labor per unit of product marketed have not risen as much as costs per hour in the food marketing industries. Labor costs per hour (including fringe benefits as well as payrolls) increased 46 percent from 1955 to 1965. Much of this rise was offset by improvements in output per man-hour, so that labor costs per unit of food marketed increased only 14 percent.

Average hourly earnings of employees in plants manufacturing products from non-food farm products also have increased this year (table 5). Earnings of employees in retail stores selling apparel and accessories were up 4 percent in August from a year earlier.

Table 5.--Average hourly earnings of employees of firms marketing food, tobacco, textiles, apparel and related products, average 1947-49, 1950-54, annual 1955 to date

Year and month	Food marketing 1/	Manufacturing 2/			Retail apparel and accessories stores 2/
		Tobacco	Textile-mill products	Apparel and related products	
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Average					
1947-49	1.11	0.953	1.124	1.197	1.024
1950-54	1.38	1.19	1.32	1.32	1.16
1955	1.58	1.34	1.38	1.37	1.27
1956	1.67	1.45	1.44	1.47	1.30
1957	1.75	1.53	1.49	1.51	1.35
1958	1.82	1.59	1.49	1.54	1.39
1959	1.88	1.64	1.56	1.56	1.44
1960	1.96	1.70	1.61	1.59	1.46
1961	2.03	1.78	1.63	1.64	1.50
1962	2.10	1.85	1.68	1.69	1.55
1963	2.16	1.91	1.71	1.73	1.59
1964	2.23	1.95	1.79	1.79	1.63
1965	2.30	2.09	1.87	1.83	1.71
<u>1965</u>					
Jan.	2.28	2.04	1.83	1.81	1.69
Feb.	2.29	2.08	1.84	1.82	1.66
Mar.	2.29	2.13	1.84	1.82	1.65
Apr.	2.30	2.19	1.83	1.79	1.69
May	2.31	2.18	1.84	1.80	1.70
June	2.30	2.20	1.85	1.82	1.70
July	2.29	2.20	1.88	1.82	1.70
Aug.	2.29	2.05	1.89	1.83	1.69
Sept.	2.32	1.98	1.89	1.86	1.73
Oct.	2.31	1.97	1.90	1.86	1.75
Nov.	2.33	2.11	1.91	1.86	1.75
Dec.	2.33	2.12	1.91	1.86	1.75
<u>1966</u>					
Jan.	2.35	2.16	1.91	1.85	1.78
Feb.	2.36	2.22	1.92	1.88	1.76
Mar.	2.38	2.21	1.92	1.88	1.74
Apr.	2.39	2.27	1.93	1.87	1.79
May	2.40	2.27	1.93	1.87	1.78
June	2.40	2.30	1.98	1.87	1.78
July	2.39	2.32	1.97	1.87	1.78
Aug.	2.38	2.17	1.98	1.90	1.76
Sept.	---	2.11	1.99	1.90	---

1/ Weighted composite earnings in food manufacturing and wholesale and retail food trades calculated by the Econ. Res. Serv. from data of the U. S. Dept. of Labor.
2/ U. S. Dept. of Labor.

Changes in Fair Labor Standards Act.--Changes in the Fair Labor Standards Act to become effective next year will affect some segments of food processing and distributing. The straight time minimum wage of employees already covered will be raised from the present \$1.25 an hour to \$1.40 on February 1, 1967, and to \$1.60 on February 2, 1968.

The minimum wage provisions of the Act have been extended to cover employees of processors of agricultural products located in areas of production, many small food stores, eating places, country elevators in production areas, and certain fruit and vegetable transportation employees. The minimum wage for newly covered employees will be increased each year from \$1.00 an hour February 1, 1967, to \$1.60 an hour, February 1, 1971. Changes in the overtime provisions of the Act apply only to employees of processors and retail food stores. Overtime will be paid these employees for work in excess of 44 hours per week beginning February 1, 1967. The number of hours will be gradually reduced to 40 by February 1, 1969. Processors of highly perishable, seasonal agricultural commodities are exempt from paying overtime premiums during 14 weeks of the calendar year except for work in excess of 48 hours per week or 10 hours per day.

The following are exemptions from the provisions of the Act: Establishments (regardless of sales size) whose regular employees are all members of the owner's family; individual retail and service establishments with annual sales of less than \$250,000; and any firms with annual sales of less than \$500,000 until February 1, 1969, when the exemption limit will be reduced to \$250,000.

Improved productivity in food marketing.--Output per man-hour for all employees in factories manufacturing farm-originated food products increased at an average annual rate of 3.5 percent from 1955 to 1965. Total output increased 29 percent during this period, although man-hours worked decreased 6 percent (table 6). Output per man-hour increased each year. Moreover, processing services per unit of product increased because of some substitution of highly processed products for less highly processed products.

The rate of improvement in output per man-hour has been significantly greater in the food manufacturing industries than the 2.7 percent rate for the entire private nonfarm sector of the economy, which includes trade, and service industries as well as manufacturing.

However, output per man-hour probably has improved at a slightly slower rate in food distribution than in the entire private nonfarm economy. From 1948 to 1958, output per man-hour increased at an average annual rate of 2.4 percent in food distribution (wholesaling, retailing, and away-from-home eating establishments). Estimates are not yet available for recent years. Much of the improvement in output per man-hour has resulted from substitution of capital for labor. Opportunities for such substitution have been more limited in trades and services such as food distribution than in manufacturing.

Transportation Charges

The combined index of railroad freight rates for agricultural commodities averaged 90 last year (1957-59=100)--down 2 points from the previous year (table 7). Freight rates for livestock, fruits and vegetables, cotton, wool, and tobacco did not change. However, rates for grains and soybeans declined significantly. The downward trend in rail freight rates is expected to continue, with reductions on a selective basis in the past. Many rail rate changes have been made to meet truck, barge, and ship competition. Truck rates for interstate movements of unmanufactured farm products are unregulated and generally unpublished. Truck rates appear to have been stable over recent years.

Table 6.--Factory output, man-hour and output per man-hour in manufacturing farm-originated foods, industry groups, United States, 1953-65 1/

(1947-49=100)													
Year	All foods 2/			Meat products 3/			Manufactured dairy products 4/			Processed fruits and vegetables 5/			
	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output
1953	112	7/97	7/115	113	7/102	7/111	96	7/90	7/106	129	7/98	7/131	
1954	113	97	117	116	101	115	96	83	115	128	97	132	
1955	117	98	119	125	103	120	98	84	117	135	98	137	
1956	124	100	123	130	107	122	102	83	122	151	102	149	
1957	124	98	126	124	101	124	103	82	126	144	103	140	
1958	126	8/96	8/131	118	8/94	8/126	104	8/75	8/138	146	8/102	8/143	
1959	131	97	135	127	94	136	107	76	142	151	104	145	
1960	134	97	138	131	93	141	109	78	139	155	106	147	
1961	139	97	143	133	90	147	113	77	147	168	107	156	
1962	144	96	150	135	89	152	116	72	160	179	107	166	
1963	145	92	157	142	88	162	115	66	173	166	106	157	
1964	151	92	164	152	88	173	119	63	189	175	107	164	
1965	151	92	164	146	85	172	118	62	189	175	112	157	

Data for 1964 and 1965 are preliminary.

- 1/ Man-hour indexes based on all employees and hours worked; figure for 1948 interpolated from Bureau of Labor Statistics data on all employees and hours paid for. 1964 and 1965 estimates based on trend in man-hours paid for.
- 2/ Includes poultry dressing plants and establishments primarily engaged in manufacturing leavening compounds, shortening and cooking oils, margarine, corn wet milling products, flavorings, macaroni and spaghetti, and peanut butter, as well as industry groups shown in this table. Except for sugar, series include food manufacturing in Alaska and Hawaii since 1958.
- 3/ Includes meatpacking plants and establishments specializing in prepared meat products.
- 4/ Includes establishments primarily engaged in manufacturing creamery butter, natural cheese, concentrated milk, ice cream and ices, and special dairy products; it excludes processing of fluid milk and cream.
- 5/ Includes establishments primarily engaged in manufacturing canned fruits and vegetables, dehydrated fruits and vegetables, pickles and sauces, and frozen fruits and vegetables.
- 6/ Computations for production per man-hour are based on unrounded figures.
- 7/ Census Bureau revised sampling plan and universe in Annual Survey of Manufactures beginning in 1953 which somewhat offsets comparability of man-hours and output per man-hour series with earlier years.
- 8/ All industry groups, except sugar, cover Alaska and Hawaii, starting with 1958. Post 1958 years have been made comparable with earlier years.

Continued--

Table 6.--Factory output, man-hour and output per man-hour in manufacturing farm-originated foods, industry groups, United States, 1953-65 1/ Continued--

(1947-49=100)													
Year:	Grain-mill products 9/			Bakery products 10/			Sugar 11/			Confectionery 12/			
	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output	Man- hours	Output per man- hour 6/	Output
1953 :	95	7/91	7/104	106	7/97	7/109	109	7/100	7/109	102	7/87	7/117	
1954 :	96	84	115	105	97	108	118	85	138	97	85	114	
1955 :	94	87	108	107	99	108	103	80	128	95	86	110	
1956 :	98	84	117	111	100	110	112	78	144	98	88	111	
1957 :	102	80	126	114	100	114	122	80	151	103	85	122	
1958 :	105	8/78	8/134	118	8/100	8/118	124	8/83	8/150	105	8/84	8/126	
1959 :	108	81	133	120	101	119	132	83	159	109	83	132	
1960 :	111	81	137	121	102	119	137	80	171	112	83	135	
1961 :	113	80	142	120	100	121	145	85	171	116	84	138	
1962 :	126	79	160	123	99	124	153	79	192	117	85	137	
1963 :	119	74	162	123	93	132	189	92	206	122	80	152	
1964 :	121	73	165	127	93	136	197	94	208	127	80	158	
1965 :	119	73	163	128	92	140	177	90	197	130	81	160	

Data for 1964 and 1965 are preliminary.

9/ Includes establishments primarily engaged in manufacturing flour and meal, cereal products, rice milling, and blended and prepared flour.

10/ Includes establishments primarily engaged in manufacturing biscuits and crackers, wholesale bakeries, grocery chain bakeries, house-to-house bakeries, and retail multi-outlet bakeries (excluding those with direct sales to consumers on premises). In 1954, establishments which were part of a chain and were producing for direct sale on premises were reclassified from the Census of Manufactures to the Census of Retail Trade; however, this did not significantly affect comparability of the series between 1947 and 1954. Establishments which bake primarily for direct sale to consumers are not included.

11/ Includes establishments primarily engaged in manufacturing raw cane sugar from domestically grown sugarcane (except Hawaii) and plants mainly engaged in production of beet sugar. The index of raw cane sugar also includes an adjustment for refining domestic cane sugar, except for Hawaiian sugar.

12/ Includes establishments primarily engaged in manufacturing candy and other confections.

Data for 1947-52 were published in the Marketing and Transportation Situation, Feb. 1965, (MTS-156), and in a reprint ERS 222.

Table 7.--Railroad freight rates for specified agricultural commodities, 1957-65

(1957-59=100)					
Year	Livestock	Meat	Fruits and vegetables	Wheat	All grains ^{1/}
1957	98	109	103	99	99
1958	102	100	101	101	102
1959	100	92	96	100	99
1960	99	92	94	100	98
1961	98	91	95	99	98
1962	96	91	94	96	96
1963	94	89	93	95	95
1964	93	86	93	92	93
1965 ^{2/}	93	85	93	83	88
	Soybeans	Cotton	Wool	Tobacco	Combined index
1957	97	100	106	108	101
1958	102	101	108	101	101
1959	101	100	85	91	98
1960	101	99	82	90	97
1961	96	99	83	91	96
1962	94	99	83	91	95
1963	89	99	83	91	94
1964	88	98	83	91	92
1965 ^{2/}	85	98	83	91	90

^{1/} Includes wheat.

^{2/} Preliminary.

All indexes have been revised; all reflect changes in capacity of cars and minimum weight requirements, which in effect lower the quoted rate.

Railroads--particularly in recent years--are adopting new types of equipment and new rate-making principles in an attempt to increase their share of the growing transportation job of the nation. These developments have had, and will continue to have, a significant impact on food marketing costs.

Other Costs

Prices of goods and services (not including raw materials and labor) bought by marketing firms are expected to average almost 3 percent higher in 1966 than in the previous year (table 8). This will be the third straight year these prices have risen 2 percent or more. In the first half of 1966, prices of containers and packaging materials and services (rents, property insurance, telephone and maintenance, etc.) were almost 4 percent higher than in the first half of the previous year. Prices for all goods and services bought by marketing firms appear to have increased at a faster rate than in the previous year or in other recent years. During the early years of the 1960s, these prices were relatively stable.

Table 8.--Prices of inputs bought by marketing firms, 1955-66

(1957-59=100)

Year and quarter	Intermediate goods and services					New plant and equipment	Yields on high-grade long-term bonds, per annum
	Total	Goods			Services		
		Total	Containers: and packaging materials	Fuel, power, and light			
		1/			2/	3/	4/
<hr/>							
							Percent
1955	91	91	90	92	90	87	3.06
1956	95	96	96	96	93	92	3.36
1957	98	99	99	102	97	98	3.89
1958	100	100	101	99	100	100	3.79
1959	102	101	100	100	103	102	4.38
1960	103	102	102	102	105	103	4.41
1961	104	102	101	104	106	103	4.35
1962	104	101	102	103	108	104	4.33
1963	104	100	101	102	110	105	4.26
1964	106	100	101	102	114	106	4.40
1965	108	102	102	102	117	107	4.49
<hr/>							
1965							
Jan.-Mar.:	107	101	101	102	115	107	4.42
Apr.-June:	108	102	102	101	117	107	4.43
July-Sept:	108	102	103	102	118	107	4.50
Oct.-Dec.:	109	103	104	103	120	108	4.61
<hr/>							
1966							
Jan.-Mar.:	110	104	105	103	120	---	4.81
Apr.-June:	111	104	106	103	122	---	5.00
July-Sept:	---	---	---	---	---	---	---
Oct.-Dec.:	---	---	---	---	---	---	---

1/ Also includes prices of office supplies, restaurant supplies, and many other goods.

2/ Rent, property insurance and maintenance, telephone, etc.

3/ Implicit price deflator for investment in nonresidential structures and producers' durable equipment, gross national product, U.S. Dept. of Commerce.

4/ Aaa corporate bonds; Moody's Investor Service.

Interest rates charged by banks on short-term loans to businesses--after being relatively stable in recent years--have risen rapidly this year. Rates in 19 large cities in various sections of the United States averaged 6.30 percent in September 1966, compared with 5.00 percent a year earlier. Long-term interest rates also are up substantially (table 8).

Profits

Food marketing firms: Profits after taxes for corporations manufacturing food and kindred products (not including alcoholic beverages) in the first half of 1966 averaged 2.5 percent of sales--the same as a year earlier--according to a joint report of the

Federal Trade Commission and the Securities and Exchange Commission. After-tax profits averaged 11.0 percent of stockholders' equity in the first half--compared to 10.2 percent a year earlier.

Profits after taxes for 43 leading food manufacturing corporations averaged 2.7 percent of sales in 1965, the same as in 1964 (table 9). For these 43 companies and 5 additional companies after-tax profits averaged 11.3 percent of stockholders' equity in 1965 compared with 11.4 percent in 1964. Profits increased--both as a percentage of stockholders' equity and as a percentage of sales--for baking, grain mill products, and dairy products companies. However, profits for leading meat packers declined to 0.6 percent of sales from 1.0 percent in 1964. Profits of leading canning companies did not change as a percentage of sales, but rose slightly as percentage of stockholders' equity.

Profits for 8 leading retail food chains declined to 1.1 percent of sales in 1965 --after averaging 1.2 percent for 8 consecutive years. Profits as a percentage of stockholders' equity for these companies declined each year--from 14.2 percent in 1957 to 10.2 percent in 1965.

Profits of leading retail food chains as a percentage of sales were about the same during the first half of 1966 as a year earlier.

Textile, apparel, and tobacco corporation.--For corporations manufacturing textile-mill products, profit ratios were about the same in the first half of this year as in the same period 1965. Profit rates of corporations manufacturing apparel and other finished textile products were higher during the first half of 1966 than in January-June 1965 (table 10). Profits ratios for both groups of companies for all of 1965 were higher than in 1964 and other recent years.

Profits after taxes of corporations manufacturing tobacco products averaged about the same during the first half of 1966 as a year earlier. After-tax profit ratios for 1965 were the same as for the 2 previous years, and averaged 5.9 percent of sales and 13.4 percent of stockholders' equity.

Table 9.--Net profits (less provision for taxes on income) as percentage of stockholders' equity and as percentage of sales for leading food companies, averages 1935-39, 1940-44, 1945-49, annual 1950-65

Year	Food processing							
	7	7	10	5	10	9	48	8
	baking	grain mill:	meat	canning	dairy	miscel-	companies	retail
	companies	products	packers	companies	products	aneous	combined	food
		companies			companies	food		chains
						companies		
						1/		
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Profits as percentage of stockholders' equity 2/								
Average								
1935-39	8.1	9.7	3.6	5.6	7.9	9.8	7.2	8.4
1940-44	8.7	9.6	7.4	8.6	10.5	9.3	8.9	8.5
1945-49	15.9	13.8	7.3	11.0	13.5	11.9	11.4	15.5
1950	15.8	13.4	6.0	15.4	13.3	12.6	11.5	14.0
1951	11.9	11.0	5.0	6.9	10.3	9.0	8.5	10.1
1952	12.4	11.0	3.8	7.5	9.9	9.0	8.2	10.0
1953	12.7	10.7	6.6	6.6	11.1	9.3	9.2	11.4
1954	11.9	12.4	2.7	7.8	12.2	9.9	8.9	11.3
1955	12.0	12.4	6.5	10.0	12.0	10.4	10.2	11.2
1956	12.2	11.7	6.9	8.1	12.1	11.2	10.3	13.1
1957	12.6	12.8	3.9	6.0	11.7	11.4	9.6	14.2
1958	11.7	13.5	4.2	8.4	11.5	12.3	10.1	13.8
1959	11.8	11.8	7.4	8.2	11.3	12.6	10.7	12.9
1960	11.7	11.9	6.0	8.6	10.7	12.6	10.3	12.5
1961	9.5	11.4	4.4	7.7	10.3	13.1	9.7	11.3
1962	9.8	11.7	5.2	6.8	10.1	13.4	9.9	11.0
1963	10.7	12.8	5.3	7.4	10.5	14.0	10.4	10.8
1964	11.4	13.7	8.2	8.7	11.4	13.4	11.4	10.7
1965	11.9	14.5	4.8	9.1	12.0	14.4	11.3	10.2
	Food processing							
	6	4	10	4	10	9	43	8
	baking	grain mill:	meat	canning	dairy	miscel-	companies	retail
	companies	products	packers	companies	products	aneous	combined	food
		companies			companies	food		chains
						companies		
						1/		
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Profits as percentage of sales								
Average								
1935-39	6.9	3.8	0.9	3.1	3.1	8.6	3.0	1.5
1940-44	4.6	3.0	1.2	3.4	2.9	6.3	2.5	1.1
1945-49	4.8	3.1	1.0	4.1	2.8	5.2	2.4	1.4
1950	4.9	3.1	.8	5.3	3.2	5.3	2.5	1.3
1951	3.5	2.3	.6	2.5	2.2	3.7	1.7	.9
1952	3.6	2.5	.4	2.7	2.1	3.6	1.6	.8
1953	3.5	2.5	.8	2.3	2.3	3.6	1.9	1.0
1954	3.5	3.0	.3	2.8	2.6	3.8	1.9	1.0
1955	3.4	3.1	.8	3.7	2.6	4.0	2.2	1.0
1956	3.4	2.9	.8	3.0	2.6	4.0	2.2	1.1
1957	3.4	3.4	.5	2.2	2.6	4.1	2.1	1.2
1958	3.4	3.9	.5	3.0	2.6	4.2	2.3	1.2
1959	3.3	3.3	.9	3.0	2.6	4.2	2.4	1.2
1960	3.2	3.5	.8	3.4	2.6	4.4	2.4	1.2
1961	2.7	3.2	.5	3.1	2.5	4.6	2.3	1.2
1962	2.6	3.7	.6	2.7	2.5	4.8	2.4	1.2
1963	2.6	4.1	.7	3.9	2.7	4.8	2.5	1.2
1964	2.8	4.6	1.0	3.4	2.9	4.5	2.7	1.2
1965	2.9	5.0	.6	3.4	3.2	4.8	2.7	1.1

1/ Includes sugar and corn refining companies, processors of vegetable oils, and companies manufacturing a wide variety of packaged foods. 2/ Ratio of net profits to average of stockholders' equity at the beginning and end of the year. Stockholders' equity is excess of total balance sheet assets over liabilities. Compiled from Moody's Industrial Manual and company annual reports.

Table 10.--Net profits (before and after taxes on income) as percentage of stockholders' equity and sales, corporation manufacturing textile-mill products, apparel and finished textiles, and tobacco companies, 1951-66

Year and quarter	Profits as percentage of --											
	Stockholders' equity						Sales					
	Textile-mill products			Apparel and other finished products			Textile-mill products			Apparel and other finished products		
	Before : taxes	After : taxes	Before : taxes	After : taxes	Before : taxes	After : taxes	Before : taxes	After : taxes	Before : taxes	After : taxes	Before : taxes	After : taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1951	18.7	6.7	10.7	3.4	21.6	9.5	7.3	2.6	2.3	0.7	8.7	3.8
1952	9.1	3.3	11.3	4.7	20.0	8.4	3.9	1.4	2.6	1.1	7.7	3.2
1953	9.3	3.6	11.2	4.9	22.7	9.3	4.3	1.7	2.6	1.1	8.9	3.6
1954	4.9	1.5	10.0	4.4	21.4	10.2	2.5	.8	2.4	1.1	8.9	4.2
1955	10.2	4.5	12.7	6.0	24.2	11.4	4.3	1.9	2.8	1.3	10.2	4.8
1956	11.1	5.4	16.5	8.1	24.6	11.7	4.8	2.4	3.3	1.6	10.4	5.0
1957	8.5	4.0	13.1	6.3	26.2	12.5	3.8	1.8	2.7	1.3	10.8	5.2
1958	7.4	3.5	11.7	5.0	28.2	13.5	3.4	1.6	2.3	1.0	11.2	5.4
1959	14.1	7.5	16.8	8.7	28.1	13.5	5.7	3.0	3.0	1.5	11.2	5.4
1960	12.0	5.8	15.8	7.7	27.7	13.5	5.1	2.5	2.8	1.4	11.2	5.5
1961	10.4	5.0	15.4	7.3	28.6	13.8	4.4	2.1	2.7	1.3	11.9	5.7
1962	12.7	6.2	17.8	9.3	27.4	13.2	5.0	2.4	3.1	1.6	11.9	5.7
1963	12.4	6.1	16.8	7.7	27.6	13.4	4.8	2.3	3.0	1.4	12.1	5.9
1964	16.0	8.6	20.6	11.9	25.8	13.4	5.8	3.1	3.7	2.1	11.4	5.9
1965	20.0	10.9	21.9	12.8	25.2	13.4	7.0	3.8	4.0	2.3	11.1	5.9
1965												
Jan.-Mar.	18.1	9.9	17.0	9.5	22.0	11.5	6.7	3.7	3.4	1.9	10.5	5.5
Apr.-June	19.3	10.5	19.5	10.8	26.5	14.3	7.0	3.8	3.6	2.0	11.2	6.0
1966												
Jan.-Mar.	17.7	9.4	19.3	11.0	23.0	12.1	6.4	3.4	3.6	2.1	10.2	5.4
Apr.-June	20.4	10.9	23.3	13.8	27.0	14.8	7.2	3.9	4.1	2.5	11.3	6.2

Computed from data in the Quarterly Financial Report for Manufacturing Corporations 1952-66 issues, published by the Federal Trade Commission and Securities and Exchange Commission.

RECENT DEVELOPMENTS IN MARKETING

Volume of Products Marketed

The volume of products marketed by farmers in the first 9 months of 1966 was 2 percent larger than in the same months of 1965. Marketings of crops were 3 percent larger than last year, and marketings of livestock and livestock products were 2 percent larger. The total volume of products marketed this year is expected to exceed last year's record volume. Volume should increase next year. Production of crops is likely to increase next year, partly because of increases in acreage allotments for grains.

Output of products manufactured from farm-produced raw materials has increased this year. Production of the food manufacturing industries, as measured by the Federal Reserve Board Index, averaged 3 percent larger in the first 8 months this year than in the like period of 1965. Output of textile mills was 8 percent larger this year. During the first 7 months, output of the apparel industry was 3 percent larger than a year earlier, but the tobacco industry's output was down about 1 percent.

Sales of retail food stores in the first 9 months of the year were 9 percent larger in 1966 than in 1965. Sales in eating places were 12 percent larger. These increases resulted partly from price increases. Prices of foods in retail stores averaged 5.3 percent higher in the first 9 months this year than in the like period last year, and prices of food in away-from-home eating places averaged 4.4 percent higher.

Exports of farm products.--Exports of farm products reached a record value of \$6.7 billion in the fiscal year ended June 30 this year--compared with \$6.1 billion in the previous year. Commerical exports made up \$5.1 billion of the 1966 total--\$700 million more than in the 1965 fiscal year. Concessional type exports under the Food for Peace Program made up one-fourth of the total. Leading products exported were wheat and flour, feed grains, oilseeds and oilseed products (mostly soybeans and products).

Expenditures for Plant and Equipment

Expenditures for plant and equipment by firms manufacturing foods and beverages are expected to reach \$1.46 billion in 1966--up 18 percent from 1965, according to surveys conducted by the Department of Commerce and the Securities and Exchange Commission (table 11). This will mark the third consecutive year of sharp increases in investments by firms in this industry. These increases follow several years of stable investments. Expenditures by textile and transportation firms are also expected to increase significantly.

A large percentage of firms manufacturing foods and beverages report that their existing plant and equipment are inadequate, according to a recent survey conducted by the Office of Business Economics and the Securities and Exchange Commission. Firms holding 45 percent of the fixed assets in the food and beverage manufacturing industry reported that on June 30, 1966, their plant and equipment were inadequate for current and prospective sales over the next 12 months. The corresponding projection a year earlier was 40 percent. Firms that reported capacity about adequate owned 47 percent of the assets of the industry and those reporting excess capacity owned 8 percent. The corresponding percentages for a year earlier were 50 and 10 percent, respectively.

Lack of capacity experienced by firms owning over two-fifths of the assets of the food and beverage manufacturing industry may exert pressures for price increases because of inability to supply all the output demanded at present prices. Then, too, unit costs tend to rise in an industry which is operating above optimum capacity.

Table 11.--Investments in new plant and equipment by firms processing and transporting farm products, 1960-66

Year	Processing industries		Transportation	
	Food and beverage	Textile	Railroads	Other than rail
	Billion dollars	Billion dollars	Billion dollars	Billion dollars
1960	0.92	0.53	1.03	1.94
1961 .....	.98	.50	.67	1.85
1962 .....	.99	.61	.85	2.07
1963 .....	.97	.64	1.10	1.92
1964	1.06	.76	1.41	2.38
1965	1.24	.98	1.73	2.81
1966 <u>1/</u> ...	1.46	1.20	1.96	3.62

1/ Estimates based upon anticipated capital expenditures reported by business in late July and August 1966.

Data from Securities and Exchange Commission and Department of Commerce.

Investments by food retailers also have increased according to trade resources: 5,135 new grocery stores were built in 1965--17 percent more than in 1964. 1/ Another trade source indicates that the average size of new supermarkets in square feet remained about the same in 1965 as in earlier years as far back as 1957. However, investment per square foot in new supermarkets increased 26 percent between 1964 and 1965; building costs per square foot rose 13 percent. 2/

Increasing capital expenditures have been accompanied by rising depreciation charges. In food marketing, depreciation charges per unit of product in 1964 were up $2\frac{1}{2}$ times those in 1947-49. Factors causing this increase include purchases of new and more costly equipment to replace largely or completely depreciated assets, more rapid obsolescence, adoption of accelerated depreciation rates, and other tax benefits. Investment in equipment may be slowed next year by the temporary suspension of the 7-percent investment tax credit. Similarly, suspension of accelerated depreciation methods may slow investment in new buildings and structures.

Factors Affecting the Demand for Marketing Services

Disposable income per person was 7 percent higher in the first three quarters this year than in the like period of 1965. Income per person in dollars of constant purchasing power was up 4 percent. Continued gains in per capita disposable income are expected for next year. Increases in incomes are accompanied by growth in demand for marketing services--more restaurant service, increased food processing, more clothing manufacturing, etc.

1/ Progressive Grocer, April 1966, p. 150.

2/ Facts About New Super Markets Opened in 1965, Supermarket Institute. A supermarket is defined as a grocery store with annual sales of \$1,000,000 or more. Data on building costs and investments were based on a very limited sample.

Population of the United States increased 1.1 percent (2.2 million) from July 1965 to July 1966--compared with 1.3 percent (2.5 million) in the preceding year. Population will continue to grow at essentially similar rates.

Demand for U.S. agricultural products abroad is expected to continue strong in the years ahead supported by growing population in Asia and other developing regions and increasing incomes in the developed nations.

The Department of Transportation

In October 1966, the Congress passed and the President approved legislation to create a Department of Transportation. This new Department will become the focal point for the development and coordination of Federal transportation policies and functions. It brings together, under one cabinet officer, most of the promotional, policy, and safety operations previously scattered among a number of Federal agencies.

One of the new Secretary's most important functions will be to set, with Congressional approval, standards and criteria for evaluating all proposals for Federal financing of investments in transportation facilities and equipment. No regulatory authority was transferred to the new Department. All powers concerning rates charged and routes served remain in the previously established regulatory agencies--Interstate Commerce Commission, Civil Aeronautics Board, and Federal Maritime Commission.

The new Department includes three nearly autonomous administrations that are responsible for most safety and developmental matters: The Federal Highway Administration, the Federal Railroad Administration, and the Federal Aviation Administration.

The Coast Guard, the St. Lawrence Seaway Development Corporation, and various other agencies in the Departments of Commerce and the Interior will be transferred to the new Department, as will the offices in the Interstate Commerce Commission and the Federal Aviation Agency concerned with safety and development. The Maritime Administration, however, remains in the Department of Commerce.

The enabling legislation also created a Water Resources Council and a National Transportation Safety Board. The Council, one of whose members is the Secretary of Transportation, is authorized to develop standards and criteria for the transportation features of water resource projects. The National Transportation Safety Board is charged with administering the various transportation safety acts, including the Highway Safety Act of 1966. The Department of Transportation will come into being 90 days after the appointment of the first Secretary of Transportation.

+ THE FREIGHT CAR SITUATION AND PROSPECTS X

Agriculture, and especially grain producers and shippers, have a particular interest in the adequacy of rail transport services. Newspaper headlines of grain and lumber being stored on the ground in the Great Plains and Northwest; testimony of railroad executives, shipper representatives and government officials before Congressional committees in 1965 and 1966; and recent actions by widely scattered shippers, railroads, and government agencies all attest to the fact that there are shortages of railroad freight cars at the present time.

In 1964 and 1965, U.S. Class I railroads spent almost \$2.5 billion on equipment, yet such expenditures added only 2.7 percent to the carrying capacity of the nation's freight car supply. 2/ If shippers' demand for cars continues at recent levels, increases in equipment may not be sufficient to satisfy fully the needs for freight cars during the grain harvests of 1967.

This article will present some of the factors which have brought about the current shortages of freight cars; some of the measures already taken that have helped to keep the situation from becoming even more desperate; and a few prospects as to changes in the situation in the immediate years ahead. It is not an exhaustive treatment. Many thousands of pages have been written concerning this matter, and it is too complex to be presented with complete clarity within the space available here.

Factors Leading to Current Shortages

Contractions in Car Supply

The nation relied upon railroads very heavily during World War II to transport its freight traffic. The railroads carried 705 billion of the estimated 1,019 billion ton-miles annually of intercity freight traffic, which our wartime economy generated on the average during 1942-45. 3/ At the end of this period, Class I line-haul railroads owned or leased approximately 1.75 million freight cars. 4/ In 1965, when total intercity freight traffic had increased to 1,621 billion ton-miles, Class I railroads moved 705 billion ton-miles but owned or leased only 1.48 million freight cars.

The number of freight cars owned and leased by Class I railroads on August 1, 1960,--1.74 million--was practically identical to the number owned and leased at the end of World War II (table 12). There were, however, some changes in the composition of the fleet in this period. Between August 1, 1960, and August 1, 1966, the number of cars decreased by almost 200,000. Moreover, changes in the composition of the fleet were considerably greater than in the earlier period. Boxcars and plain hoppers, the principal types of cars used in grain gathering, declined by 181,000 during this time.

Influences of per diem rates on car supply.--Low per diem rates (daily rentals a railroad pays another for use of its cars) through 1963 may at times have encouraged an inefficient use of cars, resulting in poor car distribution. These rates also discouraged the building of new cars to be interchanged among railroads.

In terms of ownership and returns to owners for the risks and uncertainties they must shoulder in adding to our productive capacity, we have no national railroad system

1/ Prepared by { John O. [Gerald, Agricultural Economist, and Mildred R. [DeWolfe, Survey Statistician.

2/ Association of American Railroads, Yearbook of Railroad Facts, 1966, p. 70 and p. 63.

3/ Annual reports of the Interstate Commerce Commission.

4/ See p. 60 of reference cited in footnote 2.

Table 12.--Freight cars operated by Class I railroads and cars on order, August 1, 1960-66, and cars installed and retired, year ended July 31, 1960-66

Freight cars	Owned by Class I railroads						Other		Total
	Box	Covered : hopper	Hopper	Flat	Refrig- erator	Gondola : others	All	Total	
Cars operated:									
Serviceable									
August 1, 1966	547,578	95,751	407,753	61,892	45,904	197,532	56,895	1,413,305	1,466,428
August 1, 1960	642,648	61,915	444,599	48,832	19,973	237,597	73,278	1,528,842	1,595,227
Awaiting repairs									
August 1, 1966	33,491	2,393	18,012	2,410	918	13,686	2,600	73,510	75,917
August 1, 1960	54,710	1,436	46,108	3,063	1,720	32,743	3,799	143,579	146,680
Total									
August 1, 1966	581,069	98,144	425,765	64,302	46,822	211,218	59,495	1,486,815	1,542,345
August 1, 1960	697,358	63,351	490,707	51,895	21,693	270,340	77,077	1,672,421	1,741,907
Percentage change, 1960-1966	-16.7	54.9	-13.2	23.9	115.8	-21.9	-22.8	-11.1	-20.1
Installed									
July 31, 1966	24,685	11,066	18,539	5,289	5,647	6,794	1,818	73,838	77,637
July 31, 1960	17,034	3,104	15,665	1,957	2,502	6,367	165	46,794	47,796
Retired									
July 31, 1966	30,178	1,034	23,087	438	2/-592	13,149	2,690	69,984	73,875
July 31, 1960	32,462	138	29,856	781	2/-970	10,938	2,085	75,290	79,869
On order									
August 1, 1966	19,557	11,467	9,918	2,612	3,264	5,547	1,697	54,062	55,530
August 1, 1960	9,032	303	6,230	2,009	2,282	4,429	15	24,300	25,551

1/ Owned by private car lines, owned and controlled by railroads.

2/ Negative retirement indicates increase in ownership in excess of new installations, resulting from reclassification or transfer of equipment, purchase or lease of used equipment, etc.
Association of American Railroads, Car Service Division, CS-54A.

in the United States. Rather, at the close of 1965, we had 76 independent Class I railroad systems. Our "national supply" of freight cars is owned primarily by these 76 independent railroads (87 percent as of September 1966, according to the Association of American Railroads).

A typical freight train includes cars belonging to many different railroads. A freight car which bears an ownership symbol different from that of the locomotive that pulls the cars will usually be referred to by railroads as a "foreign" car, i.e., one not on its "home road." ^{5/} Some of these foreign cars may have been loaded on home road for destinations off of home road; others may have been loaded at points on a nonhome road for return to a point closer to or actually on its home road; still others may be moving empty to home road or to a loading point for loading and then movement closer to or on its home road.

Some of these foreign cars may make many loaded trips in a complex manner before ultimately returning to home road. Nonetheless, most railroads in the United States subscribe to the "Code of Car Service Rules" of the AAR, which specify the actions that can be taken by a railroad in regard to foreign cars it may receive on its lines and the manner in which the car owner will be reimbursed for the use made of the car by nonowning roads.

As far back as 1867, some railroads had agreements that the using road would pay the owning road for the use of its cars. Since rail freight cars have come to spend a substantial part (65 percent for plain boxcars ^{6/}) of their life on other than their home roads, some system needed to be devised whereby the owners were compensated for the time spent on foreign roads. The prices to be paid for the use of foreign cars have come to be called "per diem" rates.

At first, payment was made for the loaded miles only; later it also included empty mileage, but at a lower rate. Different types of agreements were entered into until finally the Committee on Car Service presented the AAR with a per diem code which the Association approved. It was accepted by the members and became effective July 1, 1902. The agreement provided that subscribers would abide by the rules adopted by the Association--Code of Per Diem Rules--governing settlement for the use of freight cars. A modified form of this agreement is still in effect.

The per diem rate in 1902 was set at 20 cents per car day. This figure was set with the idea that it might approximate the average daily cost of repairs, interest and depreciation for typical cars. Rates have fluctuated over the years and have at times been set so as to reflect heavy demand and heavy surplus periods (table 13). As costs of car and maintenance increased, there was a temptation for roads to detain cars of other roads for long periods, particularly the better cars. They might permit them to stand idle for unreasonable lengths of time waiting for loads in the direction of the car's home road, or they might violate the car service rules and use the cars for traffic not directed closer to or on home roads. ^{7/}

Over the years the AAR and the ICC have made studies in an effort to cut to a minimum wasteful empty car haul, especially for boxcars. Independent studies of the effects of various per diem rates also have been made. The late Professor Yehuda Grunfeld, University of Chicago, in an article stated: "The main reason for the permanent controversy on the proper way to calculate the per diem rate is that the concept of 'fair yield' which has been taken as the conceptual basis for these rates

^{5/} Code of Car Service Rules, AAR, Circular No. OT-10-A, p. 2.

^{6/} AAR Car Service Division, CS-GIA, Home Cars on Home Roads, (July 1957).

^{7/} Testimony of Charles A. Webb, Chairman, Interstate Commerce Commission, before the Freight Car Shortage Subcommittee of the Senate Committee on Commerce, Hearings Serial No. 89-23, p. 21.

Table 13.--Per diem rates for railroad freight cars, 1902-1963

Year initiated	Per diem rate	Year initiated	Per diem rate
	<u>Dollars</u>		<u>Dollars</u>
1902	0.20	1920	0.90
1906 .....	.25	1920	1.00
1907 .....	.50	1945	1.15
1908 .....	.25	1947	1.25
1910 .....	.30	1949	1.75
1910 .....	.35	1952	2.00
1913 .....	.45	1953	2.40
1916 .....	.75	1957	2.75
1917 .....	.60	1959	<u>1/</u> 2.88

1/ This rate applied through 1963. For rates after 1963, see table 15.

Association of American Railroads.

is unsatisfactory..." 8/ He then mentioned the several-part code of AAR for car service, and stated, "It is the function of a good pricing system for car rentals to dispose of as many direct controls as possible..."

Professor Grunfeld next examined the conditions of car owning, maintenance, and use existing in the United States, and found that (1) the per diem rate should be adjusted in line with seasonal and cyclical levels of demand so that each railroad is indifferent on the margin as to whether its own cars are on home roads or foreign roads; (2) if total car supply is to respond to longer-run expected conditions of demand, then the per diem rates must reflect the ownership costs of new cars rather than the actual costs of the existing fleet; (3) a flat per diem rate, rather than a sliding scale of rates depending upon the cost of the individual car, encourages railroads to maintain and purchase lower-cost rather than higher-cost cars.

His analysis indicated that with a life of 30 years per car and a return on investment of 6 percent, the per diem rate of \$2.75, then prevailing, would reimburse an owner fairly for a new car costing approximately \$6,400. 9/ According to testimony presented by a railroad executive before a Congressional committee in 1965, a new modern boxcar equipped with roller bearings would cost about \$12,000 to \$15,000. 10/ Under these conditions, the \$2.88 per diem rate put into effect in 1959 was far from adequate to compensate car purchasers in the early 1960's for their investments. This helps to explain why railroads have used new, specialized, expensive equipment only on their own lines, or released them to other carriers under strict conditions that insured prompt return to home road. 11/

8/ Grunfeld, Yehuda, "The Effect of the Per Diem Rate on the Efficiency and Size of the American Railroad Freight-Car Fleet," Journal of Business, XXXII, No. 1 (January 1959), pp. 54-55.

9/ See pp. 57, 62, and 73 of publication cited in footnote 8.

10/ Testimony of David E. Smucker, Vice President of Operations, Pennsylvania Railroad, before the Freight Car Shortage Subcommittee of the Senate Committee on Commerce, Hearings Serial No. 89-23, p. 112.

11/ See p. 30 of publication cited in previous footnote.

Influences of demand expectations on car supply.--As mentioned above, railroads hauled more than 69 percent of the nation's freight traffic during World War II. This represented an annual average of about 43 million car loadings. By 1965, car loadings totaled only 30 million, and the railroads hauled only 43 percent of the nation's freight. In the interim, rail ton-miles dropped from 747 billion in 1944, to 597 billion in 1950, and to 579 billion in 1960. ^{12/} Trucks, barges, and pipelines were rapidly increasing their traffic tonnages and shares during this period.

In view of the declining tonnage hauled by railroads while the nation's total transportation job was increasing from 1,088 billion ton-miles in 1944 to 1,314 billion in 1960, it was expected that potential owners of new freight cars would be pessimistic about ultimate returns on car investments.

Influences of other factors.--Demurrage is a daily price paid by a shipper or receiver for undue delays in loading and unloading a car. Certain free-time is given, and according to testimony of a railroad executive in 1965, detention of cars was permitted to increase during the 1950's as one device to help retain traffic in the fierce intermodal competitive struggle that has existed all during the 1950's and 1960's. ^{13/} This increased free-time may have reduced the number of cars available for loading at any particular time and also the revenues to the industry. Also, the shift after World War II from a 6-day work week to one of 5 days, with a consequent addition of Saturdays to the Sundays and holidays excluded from counting in free-time allowances, has further reduced the number of cars available for loading.

Expansion in Demand for Cars

The expanding economy.--The very rapid growth in economic activity since 1961 is perhaps the major demand factor bearing on the present car shortage. Our gross national product has grown from a seasonally adjusted annual rate of \$503.6 billion in the first quarter of 1961 to \$746.0 billion in the third quarter of 1966.

A measure of what this growth has done to the magnitude of our transportation job is provided by the 24 percent increase in total ton-miles between 1961-65 (table 14). None of the modes had made the plans and investments which such traffic increases required. Trends in traffic and revenues gave railroads, in particular, no reason to invest for such growth in their traffic. As recently as April 1962, the traffic and revenue conditions of the railroads were such that the President sent a transportation message to Congress. He proposed some modifications of conditions of competition facing railroads. Even earlier in 1958, Congress revised the Interstate Commerce Act to relieve some competitive restraints on railroads. Investments that the railroads made in the 1950's and early 1960's were intended to retain traffic.

Freight rate reductions.--The traffic shifts between 1946 and 1965 between rails, trucks, barges, and pipelines shown in table 14 demonstrated that the demands of many shippers can be satisfied by any one of two or more of the modes of transportation. This implies that the responses of such shippers to relatively small changes in the relationships of rates charged by the competitive modes can have a major impact on traffic shares.

Until the end of World War II and shortly thereafter, railroads enjoyed considerable freedom from the competition of other modes of transport for much of their traffic. Railroad management had accepted numerous compromises on rate structures within its own ratemaking groups and from the Interstate Commerce Commission which were not fully in accord with ideal goals of economic efficiency for the transport industry.

^{12/} See p. 39 of publication cited in footnote 2.

^{13/} See p. 92 of publication cited in footnote 10.

Table 14.--Estimated ton-miles of intercity freight traffic, public and private, by transport agency, average 1942-45, annual 1946-65

Year	Railway	Motor vehicles	Inland waterways	Pipelines	Airways	Total ^{1/}
	Billions	Billions	Billions	Billions	Billions	Billions
1942-45 average ...	705	60	146	108	.062	1,019
1946	602	82	124	96	.093	904
1947	665	102	147	105	.158	1,019
1948	647	116	162	120	.223	1,045
1949	535	127	139	115	.235	916
1950	597	173	163	129	.318	1,063
1951	655	188	182	152	.379	1,178
1952	623	195	168	158	.415	1,144
1953	614	217	202	170	.413	1,204
1954	557	213	174	179	.397	1,123
1955	631	223	217	203	.481	1,275
1956	656	249	220	230	.563	1,355
1957	626	254	232	223	.572	1,335
1958	559	256	189	211	.579	1,215
1959	582	279	197	227	.739	1,286
1960	579	285	220	229	.778	1,314
1961	570	296	210	233	.895	1,310
1962	600	309	223	238	1.289	1,371
1963	629	332	234	253	1.296	1,450
1964	666	347	250	266	1.504	1,531
1965 ^{2/}	705	375	259	280	1.800	1,621

^{1/} Totals do not always add because of rounding.

^{2/} Preliminary.

Annual reports of the Interstate Commerce Commission.

The rate relationships flowing out of such compromises, and no doubt some selfish independent actions, in earlier years could not be maintained with impunity following World War II. Trucks, barges, pipelines and airlines developed rapidly as means of transport. The general rate increases accorded to the railroads shortly after World War II brought considerable traffic of the railroads within the cost abilities of these transport modes.

Trucks competed more and more with railroads for the higher-valued commodities and short-haul and perishable traffic. The traffic most vulnerable to the onslaught of barges consisted of bulk, nonperishable commodities amenable to mechanized materials-handling methods along the navigable waterways. For pipelines, carrying of non-corrosive liquids is all that has been taken in large volume from railroads thus far, although there has been considerable experimentation with crushed coal slurry, potash, etc. And, electric energy is now moved over long distances by means of high voltage cables.

Rail freight rates generally increased through the late 1950's, but have declined since then. ^{14/} Indexes for agricultural commodities followed a similar pattern,

^{14/} Interstate Commerce Commission, Indexes of Average Freight Rates on Railroad Carload Traffic.

rising from 81 in 1949 to a peak of 101 in 1957 and 1958. ^{15/} Since 1958, these indexes have fallen steadily to 90 in 1965 (table 7, p. 17).

Length of haul.--Another minor factor serving to increase demand for freight cars has been the increase in length of the average distance all rail traffic is hauled. This increased from 420 miles in 1951 to 452 in 1961 and 470 in 1965. ^{16/}

Improved design of cars for loading and unloading.--Many improvements were made in the 1950's and 1960's in car design to facilitate the use of modern materials-handling techniques in loading and unloading. These new designs are not yet available for all customers of the railroads, but the addition of some new cars with such features encouraged firms with modern materials-handling techniques either to switch to or stay with rails for their transport needs. These designs also were factors in increasing the speed of turnaround of cars and thus helped to alleviate shortages (pp. 35-36).

What Has Been Done to Alleviate Shortages

Transition to a Graduated Per Diem Scale

A flat per diem rate for car rentals was maintained up through 1963, despite the establishment of proof in the late 1950's by Professor Grunfeld, in the article referred to in footnote 9, that a flat rate tended to concentrate new car purchases on lower-priced cars. However, effective January 1, 1964, AAR instituted a graduated scale of per diem rates. The scales in effect since January 1964 are shown in table 15.

In 1965 and 1966, Congress considered bills aimed at further modifying the method of reimbursing railroad owners of freight cars for their use off home road. The import of testimony given by various grain and lumber shipping interests in hearings on these bills was that the scale of per diem rates put into effect in 1964 did not cause car numbers to increase sufficiently to meet total demands. More importantly, they appeared to have caused further delay in the return of cars to those areas and industries most dependent upon rail service for reaching markets. Spokesmen for the grain and lumber industries believed the "grain loading or better" class of boxcars of the older car fleet to be currently of greater value for loading on a foreign road than the per diem charge applicable on such cars, resulting in their slow return to the home roads serving the Grain Belt. Free-time, demurrage time, and idle time awaiting loads also delay their return. The "grain loading or better" class of boxcars still accounts for the bulk of our car supply suitable for grain gathering. ^{17/}

The scale of per diem rates now in effect is based on "original cost per car depreciated," (table 15). Most of our "plain" boxcar fleet has had considerable depreciation taken. Professor Grunfeld noted that "a per diem scheme that will assure an optimal number of cars purchased by the industry will not necessarily assure an optimal distribution of cars among roads at each point in time." ^{18/}

Professor Burton A. Weisbrod of Washington University at St. Louis, pointed out that in the short run the supply of freight cars is essentially fixed, but that demand for cars is not independent of price (per diem rates, in this instance). He stated that, "At whatever level the per diem rental charge may be fixed, this level will

^{15/} Agricultural Statistics, 1965, p. 467.

^{16/} See p. 38 of reference cited in footnote 2.

^{17/} See p. 13 of reference cited in footnote 7.

^{18/} See p. 56 of reference cited in footnote 8.

Table 15.--Per diem rates for the use of railroad owned freight cars operating in the U.S. between common carrier railroads, January 1, 1964 ^{1/}

Original cost of car depreciated	Per diem group	Per diem rate per car day
<u>Dollars</u>		<u>Dollars</u>
1,000 and less	1	2.16
1,000.01 to 5,000.00	2	2.79
5,000.01 to 10,000.00	3	3.58
10,000.01 to 15,000.00	4	4.50
15,000.01 to 20,000.00	5	6.15
20,000.01 to 25,000.00	6	<u>2/</u> 7.11
25,000.01 to 30,000.00	7	9.00
30,000.01 to 35,000.00	8	10.18
35,000.01 and over	9	12.18

^{1/} Rates for use of U.S. freight cars in Mexico and Canada are different. For per diem rates to January 1, 1964, see table 13.

^{2/} Between January 1, 1964, and March 31, 1965, all cars over \$20,000 in original cost per car depreciated were rented at \$7.74 per day.

Association of American Railroads, Circular No. OT-10-A.

almost certainly be above or below, but not at, the free market equilibrium price at any particular time...." Under conditions of excess demand for the fixed fleet,".... in the interests of its profits, carrier B may hold a car which promises to add more to its net revenue than the (per diem) rental charge for the car." ^{19/}

Professor Weisbrod went on to test the hypothesis that in cycles of freight car demand, the relative amount of empty car movements back to home road would increase as demand fell, and decrease as demand rose. He found general agreement with this hypothesis by comparing empty car miles as a percentage of loaded to operating revenue on an annual basis. ^{20/} The transport market of the past 3 years has provided further testing, and the headlines and clamor in particular areas further support the tenor of the hypothesis.

In 1966, Congress amended Section 1(14)(a) of the Interstate Commerce Act. The amendment instructed ICC to give consideration to the national level of ownership of each type of car and determine whether compensation for each type should be computed solely on the basis of elements of ownership expense, or whether the rates should reflect an incentive to encourage sound car service practices in utilization and distribution.

The Interstate Commerce Commission has proposed an interim incentive increase of \$2.50 per car on the per diem charge which the railroads pay for the use of any type of car belonging to another road. When the Commission asked the railroads for their opinion on this additional charge, more than 100 statements were filed. Generally, the western roads support the idea and eastern and shortline roads oppose it, according to the Journal of Commerce, October 10, 1966.

^{19/} Weisbrod, Burton A., "The Per Diem Freight-Car Rate and Railroad Efficiency--The Short-Run Problem," Journal of Business, XXXII, No. 1 (January 1959), p. 381.

^{20/} See p. 384 of reference cited in previous footnote.

A number of railroads think the incentive increase would encourage owners of old cars to keep them in service, and that there would be no assurance the incentive money would be spent on new cars. Others think that ICC's move is premature--that the Commission should await the outcome of the inquiry (under Ex Parte 241) into the adequacy and utilization of the present car fleet. Verified statements were due on that study October 15, with the Association of American Railroads representing the industry. One of the large eastern roads said that it did not intend to buy more plain boxcars (claimed to be in short supply on western roads); that instead of putting its money into small, general purpose boxcars it plans to invest in larger-load cars and market-oriented equipment. Another railroad challenged the legality of the proceeding saying that ICC would first have to make a final determination of ordinary per diem compensation. Yet another wanted "realistic" per diem charges, and suggested that ICC raise the present \$2.16 to \$12.18 range to \$2.31 to \$17.64. There were many other counter suggestions together with reasons why the proposed interim per diem increase was not the answer to the problem.

Car service orders.--Early in 1966, the Interstate Commerce Commission issued a series of car service orders intended to promote efficient use of the available freight car supply. At that time there was a daily shortage of 13,000 plain boxcars, primarily for loading with grain, lumber and plywood in the Northern Great Plains and Pacific Northwest.

The orders apply to all railroad common carriers subject to the Interstate Commerce Act. In general, they: (1) Restrict free time at ports to 5 days for boxcars and hopper cars; (2) require carriers to handle traffic expeditiously and "place, pull, and forward" cars within 24 hours, and (3) permit substitution of stock cars for boxcars. Also, the Commission has issued orders for specific distribution directions to relieve the car situation of carriers having a drastic deficiency of cars on line in relation to both need for cars and ownership of cars. These deficiency orders have been placed against carriers having a more favorable car supply.

Shipper-Owned Equipment and Incentive Carloading

Shippers, and to some degree receivers, have taken action to help alleviate car shortages. Shipper organizations have owned some freight cars for many years, and between 1963 and July 1966 increased the number of cars owned by more than 8 percent, from 271,737 to 294,217. ^{21/} Aggregate capacity of these cars has not been computed.

Shippers have also learned to load cars to heavier weights, increasing from 40 tons per car during the second World War to almost 50 tons per car in 1965 (table 16). In some cases, this learning was encouraged through special incentive rates. Also, cars are now more nearly loaded to their full capacities, 83 percent in 1965 compared to 79 percent during the early 1940's.

Annual Carrying Capacity of Freight Car Fleet

The decrease in the number of freight cars owned by Class I railroads from 1.75 million at the close of World War II to 1.48 million at the end of 1965 does not necessarily mean that there was a similar decrease in annual carrying capacity. Numerous factors interact in determining this latter ideal measure of supply. Some of these are average capacity per car, speed of line-haul trains and in switching, length of time used in loading and unloading, length of haul, etc. Taken individually or as a group, these measures reflect considerable progress in carrying capacity over the past 4 years or longer (table 16).

^{21/} Abstracted by Association of American Railroads from Official Equipment Register.

Table 16.--Measures of trends in annual carrying capacity of the U.S. freight car fleet, averages 1941-45, 1951-55, annual 1961-65

Item	Unit	1941-45 : average	1951-55 : average	1961 : 1/	1962 : :	1963 : :	1964 : :	1965 : 2/
Average capacity per car	Tons	50.7	53.4	55.7	56.3	56.8	58.3	59.6
Average load per car	Tons	39.9	41.9	44.9	45.4	46.7	47.8	49.4
Load as percentage of capacity ..	Percent	79	78	81	81	82	82	83
Total capacity of fleet	1,000 tons	88,534	93,143	89,292	87,224	85,943	86,771	88,300
Average speed of freight trains ..	Miles per hour	15.8	18.0	19.9	20.0	20.1	20.2	20.1
Hot box set out rate per million car miles	---	N.A.	3/ 4.13	2.54	1.06	.98	.85	.74
Unserviceable freight cars as percentage of total cars	Percent	3.1	5.1	8.4	7.6	7.0	5.4	5.1
Net ton-miles per car day	---	1,012	965	966	1,041	1,113	1,160	1,251
Average freight train	No. of cars	51.3	62.3	70.4	70.5	70.3	69.7	69.6
Centralized traffic control track--December 31	Miles	4/7,384	5/28,428	38,264	39,918	40,670	42,282	44,108
Locomotives in service								
Diesel	Number	2,385	21,761	28,169	28,104	27,945	27,837	27,715
Total (including diesel)	Number	42,736	35,338	28,815	28,639	28,449	28,295	28,139

1/ End of year.

2/ Preliminary.

3/ Year 1955.

4/ December 31, 1945.

5/ December 31, 1955.

Association of American Railroads, Yearbook of Railroad Facts, 1966 Edition.

Improvements in operating and technical design.--Many of the actions which are now helping to alleviate the severity of car shortages were intended originally to modernize the railroads' plants as a means of reducing costs and giving the railroads a better chance to retain traffic against the inroads of competing modes or to regain lost traffic. The operating and technical improvements made by railroads in recent years have been described in considerable detail in the technical and popular press. However, some comments on these technological advances will help to explain how improved performance has been achieved.

Boxcars are being built to carry heavier loads. Wide doors, sliding center sills, aluminum doors that fit flush with the car interior to form a smooth side wall, load dividers which fasten across the car, and side fillers that adjust inward to prevent shifting are some of the additional features.

A king-size boxcar having almost 10,000 cubic feet of space and 10-foot wide roll-up doors--which insure easy access to the car for mechanical-handling equipment--has been especially designed to carry tobacco in hogsheads. It holds 98 hogsheads.

An all-door boxcar has been put in service that combines ease of loading of an open car with the protection of a closed car. Aluminum doors and posts move out of the way to make an opening the full length of the car. Although it was built for and tested by lumber shippers, this car is also useful for many other commodities.

Covered hopper cars are carrying bulk loads, some of which were once carried in 40-foot boxcars. They are especially suitable for carrying grain because of their many roof hatches for loading and hopper outlets in the floor for unloading. Some are equipped with separate compartments to provide for loading of different kinds of grain in one car.

Another kind of covered hopper car often used to transport bulk flour, sugar and similar commodities has canvas pads in the sloping bottoms of the hopper compartments. Compressed air blown through the pads loosens flour or sugar, which packs under its own weight to form a "bridge," and makes it flow freely through the hopper outlets. This saves a great deal of time in unloading.

Unit trains make cars available more quickly for additional loads by cutting down turnaround time. A unit train, which may consist of as many as 125 cars, hauls one commodity from a single origin to a single destination and usually returns empty for another load. Speed of the train is much faster than those of ordinary trains. It saves time because switching and uncoupling is eliminated and weighing is accomplished en route. Some grain is hauled in unit trains, but most grain shippers are not large enough to use such methods.

Piggyback (TOFC) service has been used for many years. In 1955, approximately 168,000 carloads were moved by TOFC; 10 years later the number had increased to more than a million. The increase between 1964 and 1965 was 15 percent. About 25,000 flatcars are being used now in piggyback service. The flatcar in piggyback service turns around three times as fast as the average freight car. Thus, better utilization of equipment comes about through this kind of service.

Containerized traffic facilitates transfers and speeds up movements. It has come into a significant role in recent years. Some containers are equipped with refrigeration units to help insure a satisfactory product on arrival, if temperature and humidity control must be maintained. Compartmentized containers also have been developed for mixed loads made up of commodities each of which requires different temperatures and degrees of humidity. These help eliminate partial loading of cars, to some degree.

Containers may be truck trailers with their wheels attached, used in TOFC service, or they can be demountable van containers which have their wheels and trucks detached. They can move by ship, flatcar, truck or air, and are less expensive than a full freight car with similar capacity.

Traffic control systems in which the operators see the tracks in miniature on control panels have been developed and put into use by several railroads. Lights on the panel show the location of trains at all times. The operator, through remote control of switches and signals, directs train movements over distances of a few miles to as far away as several hundred miles. This device permits faster trains to run around slow trains, and helps trains meet and pass, with minimum delays.

Television, radio, and radar are being used in control towers and railroad yards where cars are sorted and trains are put together. At a given point television cameras photograph each car in a train and transmit the record to a switching list. Two-way radio sets mounted in locomotives and cabooses help train crews work together more effectively. Car speeds in automated switching yards are measured by radar and are controlled by retarder brakes in the tracks.

Trackside hot-box detectors are heat sensitive cells installed beside the track. They measure infra-red radiation from passing freight car journals. Readings from these detectors are recorded on tape at a central office. If unusually high temperatures are recorded, the train crew is alerted by radio to stop for a look before it becomes a hot box. Through early detection, corrective measures can be taken before damage occurs. Now freight cars travel more than 1.5 million miles for each hot-box incident.

Roller bearings, better lubricants, improved lubricating devices, and stabilized and improved solid bearings are largely responsible for the reduction of hot-box incidents. This keeps many cars in service which would have otherwise been tied up for repairs.

One of the large eastern railroads operates a million-dollar electronic nerve center. It keeps minute by minute account of what is going on. This railroad also has a network of microwave communications, second in size only to those owned by communications companies. This system was designed to give the railroad information, and thereby centralized control, of every detail of its traffic. It helps to prevent improper freight car movements, control empty car distribution, re-direct cars that have become separated from the waybills that guide them, and route oversize loads.

Officials of a large railroad serving the West and Midwest have initiated a car watching project which is solving the problem of terminal delays--often mentioned as one of the main reasons of railcar shortages. A computerized terminal service evaluation report is distributed daily to superintendents of terminals. The report shows details of each car handled through the terminal and summaries of the number of cars processed in 6 hours or less, in 7-12 hours, etc. It also shows the average time used to deliver cars to connecting railroads.

Prospects for the Immediate Years Ahead

A major industry such as the railroad industry does not suddenly undergo large changes in its capacity to produce. For example, a release of the AAR, September 1966, states that U.S. railroads and private car lines will spend around \$1.5 billion in 1966 to place more than 100,000 new and rebuilt freight cars in service. 22/ However, this represents a net addition of only 20,000 cars to the total railroad and

22/ Association of American Railroads, Facts on Freight Car Supply, September 1966.

privately owned fleet of 1.8 million cars, since 80,000 old cars have been or will be retired this year.

Despite the fact that the net capacity added to the car fleet in 1966 may amount to more than 3 percent of total capacity at the beginning of the year, the same release of AAR reported that carloadings had increased in 1966 putting rising pressure on the supplies of boxcars, hopper cars, gondolas, and flatcars in particular. Projections of increased economic activity in 1967 indicate that there will be further increases in demand for freight cars.

New and rebuilt car orders as of August 1, 1966, represent a backlog of 6 to 7 months work by the carbuilding industry, 23/ or an increase of 56 percent in backlog orders since 1965. 24/ Thus, railroads have little opportunity of increasing their carrying capacity in the immediate future beyond that of making more effective use of car supplies.

Effective use and equitable distribution of car supplies will require joint planning and cooperative action of the railroads, shippers and government. All three groups are now participating in discussions to determine alternative courses of action available to them. News media report that railroads are presently considering a penalty rate on partially loaded cars, as a means of further encouraging effective utilization of cars.

In connection with the discussions now underway at ICC Hearings into the adequacy of railroad freight car ownership, car utilization, distribution, rules and practices, the statement of U.S. Department of Agriculture concluded as follows:

"From a review of the expressions of position in this proceeding, we believe that the most positive program for a solution to the problem would be a joint carrier--ICC data processing system with continuous input of information for improvement of utility of the entire carfleet. This solution was suggested by Commissioner Brown on June 24, 1966. Such a system could provide current information on car supply problems, keep inventory, and sound an alert when any deviations occur. This system would undoubtedly cause an increase in the utility of freight cars. It would, of course, require the cooperation of the carriers, which in our opinion, should be forthcoming, because such a step would be of obvious benefit to carrier management."

"We believe that adoption of such a system would lead to such an increase in car utilization that an expansion of the nation's carfleet may not be necessary. For example, statistics were presented in our earlier Verified Statement showing that the average car moves loaded between terminals only 5 percent of its total time. The Commission should so find. Also, it should determine whether present utilization is adequate. We believe that the best solution to the boxcar shortage would be for the Commission to prescribe certain car service rules on an interim basis and that it require the rail carriers and the Commission to initiate the development of a central data processing system which would keep track of the entire freight car system." 25/

The data in table 12 showing changes in the composition of our car fleet should provide some guides to action for those grain shippers and receivers not yet tooled up to handle specialized cars such as covered hoppers.

Trucks would seem to represent some possibilities for use in gathering operations. A study of 1963 Census of Transportation showed that only 37 percent of typical round

23/ Journal of Commerce, October 7, 1966.

24/ Reference cited in footnote 22.

25/ Heitz, Edward F., Verified Statement on Behalf of Orville F. Freeman, Secretary of Agriculture of the United States, before the ICC in Ex Parte 241, October 15, 1966, pp. 10-11.

trips by exempt motor carriers had loads in both directions. 26/ Many of the truckers reporting one-way hauls were in grain areas. Favorable rates and services on backhauls can be obtained by negotiation with such truckers or with truck brokers. Alteration of usual direction of shipment might be necessary in some cases to take advantage of such possibilities. Shippers should ascertain in advance that such arrangements will not result in discounts on the grain at intermediate destinations because proportional rates, through rates, and other pricing practices in use by railroads for the total hauls of grain often result in lower charges for rail movements from intermediate to ultimate destinations, if the grain is moved to the intermediate destination by rail.

Mr. Ben W. Heineman, Chairman of the Board, Chicago and Northwestern Railroad, in commenting upon a 1965 report of this Department 27/, stated: "The report demonstrates a fact of life that really does not require, one would think, extensive discussion, namely, that price moves merchandise... This report demonstrates to anyone who will take the time to read its very simple language that competition does not go away. It increases." 28/ However, freight cars may not be uniformly distributed by the pricing system in use. Many communities still rely to a considerable extent on rail services for shipping local products of fields, forests and mines to intermediate or ultimate markets and for receiving drugs, clothing and other needs of every day living. Grain and lumber areas have been of this type in recent years. The graduated per diem scale now in effect may show favorable results by drawing some of the new, large capacity cars into grain and lumber producing areas. It will not immediately solve the problem of appropriate distribution of freight cars.

Seeing that areas and communities are not overlooked, bypassed, or otherwise inequitably dealt with by either home road managers or managers of foreign lines, who "capture" the rolling property of the home roads in the normal course of commerce, in their quests for the heavy, well paying, but perhaps ephemeral traffic loads is one of the special tasks of government. Thus, car service orders and numerous other special rules, pleas, etc., seem likely to continue to be issued from regulatory and other officials for some years into the future. Efforts are now being made to solve the car shortage problem, but equitable and effective solutions may not be found in time to prevent serious problems during the 1967 harvest.

26/ Miklius, Walter, Comparisons of For-Hire Motor Carriers Operating Under the Agricultural Exemption with Regulated Motor Carriers, MRR-769, USDA, August 1966, p.14.

27/ Wright, Bruce H., Changes in Transportation Used by Country Grain Elevators in the North Central Region, 1958-63, USDA, MRR-724, July 1965.

28/ Heineman, Ben W., "Wanted: A Railroad Consensus," Traffic World, Vol. 125, No. 1, January 1, 1966, p. 6.

SELECTED NEW PUBLICATIONS

1. "Consumption and Expenditure Analysis for Dairy Products, Fats, and Oils in Atlanta, Georgia," by Robert Raunika, J. C. Purcell and J. C. Elrod, Ga. Agr. Expt. Sta., Tech. Bull. N.S.-51, May 1966.
2. "Costs of Storing and Handling Cotton at Public Storage Facilities, 1964-65," U.S. Dept. Agr., Econ. Res. Ser., ERS-306, Oct. 1966.
3. "Developments in Marketing Spreads for Agricultural Products in 1965," [Reprinted from Hearings Before the Subcommittee of the Committee on Appropriations, United States House of Representatives, Eighty-Ninth Congress, Second Session] U.S. Dept. Agr., Econ. Res. Ser., ERS-14 (1966), July 1966.
4. "Farm Costs and Returns: Commercial Farms By Type, Size, and Location," U.S. Dept. Agr., Econ. Res. Ser., Agr. Info. Bull.-230, Revised Aug. 1966.
5. "Food from farmer to consumer," Report of the National Commission on Food Marketing, June 1966. The Commission also published 10 technical studies. (For sale by the Superintendent of Documents, U.S. Government Printing Office, Wash., D. C. 20402).
6. "Long-Run Consumption Trends and Comparative Shares By Regions for Fresh and Processed Food Products," Ga. Agr. Expt. Sta., Special Report, June 1966.
7. "Meat Department Labor Requirements - A Tool For Improved Retail Management," by Bruce W. Marion, Leland E. Ott, and Francis E. Walker, Ohio Agr. Res. and Devel. Cntr., Res. Bull.-982, June 1966. (U.S. Dept. Agr., Econ. Res. Ser. cooperating.)
8. "Price-Quantity-Expenditure Relations for Food, Atlanta Consumer Panel Quarterly Estimates," by J. C. Purcell, J. C. Elrod and Robert Raunika, Ga. Agr. Expt. Sta., Tech. Bull. N.S.-52, May 1966.

:	Publications issued by State Agricultural Experiment	:
:	Stations may be obtained from the issuing Station.	:
:		:

Table 17.--Farm food products: Retail cost and farm value, July-September 1966, April-June 1966, July-September 1965, and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		July-Sept. 1966		April-June 1966		July-Sept. 1965		July-Sept. 1966		July-Sept. 1965		July-Sept. 1966	
		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars	
		Percent		Percent		Percent		Percent		Percent		Percent	
Market basket		1,112.46	1,095.16	1,060.28	982.65	2	5	452.76	438.68	418.15	387.87	3	8
Meat products		330.24	330.90	319.56	285.05	4/	3	182.55	180.94	174.91	154.47	1	4
Dairy products		193.87	186.12	178.70	173.33	4	8	93.42	84.92	79.48	77.85	10	18
Poultry and eggs		93.77	91.07	86.16	93.02	3	9	54.28	51.92	48.60	56.60	5	12
Bakery and cereal products 5/													
All ingredients	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	168.44	164.71	160.51	148.40	2	5	39.06	35.95	33.09	30.55	9	18
Grain		30.3	27.63	25.96	23.40	---	---	30.3	27.63	25.96	23.40	10	17
All fruits and vegetables		239.48	236.09	231.46	202.96	1	3	61.47	64.16	63.05	50.05	-4	-3
Fresh fruits and vegetables		119.86	116.59	115.17	91.15	3	4	38.08	40.01	35.88	28.70	-5	6
Fresh fruits		50.34	45.46	45.81	36.26	11	10	14.81	15.86	13.61	12.26	-7	9
Fresh vegetables		69.52	71.13	69.36	54.89	-2	4/	23.27	24.15	22.27	16.44	-4	4
Processed fruits and vegetables		119.62	119.50	116.29	111.81	4/	3	23.39	24.15	27.17	21.35	-3	-14
Fats and oils		39.22	38.87	37.63	37.56	1	4	13.11	12.05	10.64	11.19	9	23
Miscellaneous products		47.47	47.40	46.26	42.33	4/	3	8.87	8.74	8.38	7.48	1	6
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade	Pound	84.4	85.5	84.2	78.1	-1	4/	49.1	50.9	48.5	48.3	-4	1
Lamb, Choice grade	Pound	86.9	86.9	83.0	70.0	0	5	45.1	46.6	46.9	40.2	-3	-4
Pork	Pound	73.6	72.4	69.7	60.5	2	6	43.0	39.8	40.8	31.0	8	5
Butter	Pound	85.1	79.0	75.2	73.2	8	13	65.4	58.2	54.5	52.6	12	20
Cheese, American process	Pound	43.0	41.5	37.7	32.3	4	14	19.8	17.7	15.1	14.2	12	31
Ice cream	Gallon	82.0	78.8	78.2	84.2	4	5	26.9	24.4	21.9	23.4	10	23
Milk, evaporated	14 1/2-ounce can	16.2	15.6	15.2	14.5	4	7	8.1	7.4	6.4	6.2	9	27
Milk, fresh													
Home delivered	1-gallon	56.4	54.5	52.6	50.8	3	7	24.5	22.7	22.0	21.9	8	11
Sold in stores	1-gallon	50.7	48.7	47.2	46.6	4	7	24.5	22.7	22.0	21.9	8	11
Chickens, frying, ready-to-cook ..	Pound	42.1	42.4	40.2	43.5	-1	5	21.2	22.2	20.6	24.4	-5	3
Eggs, Grade A large	Dozen	59.7	55.5	52.3	56.2	8	14	39.6	34.6	32.6	36.1	14	21
Bread, white													
All ingredients	Pound	22.5	21.8	20.8	18.5	3	8	4.0	3.6	3.4	3.0	11	18
Wheat	Pound	---	---	---	---	---	---	3.2	2.9	2.7	2.4	10	19
Bread, whole or cracked wheat	Pound	29.2	28.1	26.9	---	4	9	3.7	3.3	3.0	---	12	23
Cookies, sandwich	Pound	51.3	50.5	50.6	---	2	1	4.9	4.5	4.2	---	9	17
Corn flakes	12 ounces	30.2	29.5	28.9	24.5	2	4	2.9	2.6	2.6	2.4	12	12
Flour, white	5 pounds	59.5	58.4	58.1	53.3	2	2	25.2	22.6	21.2	18.8	12	19
Apples	Pound	23.3	20.7	20.1	16.1	13	16	6.2	8.9	5.4	4.7	-30	15
Grapefruit	Each	17.5	14.6	16.6	10.7	20	5	5.2	3.5	3.7	2.7	49	41
Lemons	Pound	24.1	23.2	22.7	18.4	4	6	7.1	6.4	4.7	4.2	11	51
Oranges	Dozen	83.7	75.7	80.5	66.0	11	4	21.7	17.7	22.7	23.2	23	-8
Cabbage	Pound	12.0	12.6	9.2	8.7	-5	30	4.3	3.3	2.4	2.4	30	79
Carrots	Pound	17.2	17.4	16.7	14.5	-1	3	5.6	7.1	5.5	3.7	-21	2
Celery	Pound	18.4	16.0	15.5	15.3	15	19	6.9	5.6	5.1	4.4	23	35
Cucumbers	Pound	20.0	29.2	18.5	---	-32	8	7.0	8.1	6.4	---	-14	9
Lettuce	Head	28.4	24.2	22.8	22.6	17	25	10.7	7.9	7.1	6.0	35	51
Onions	Pound	14.9	13.6	13.7	10.1	10	9	5.5	7.1	4.7	3.4	-23	17
Peppers, green	Pound	33.1	41.8	39.9	---	-21	11	11.8	16.4	8.7	---	-28	36
Potatoes	10 pounds	77.1	81.5	99.4	58.3	-5	-22	21.4	25.2	31.6	17.8	-15	-32
Spinach	10 ounces	30.3	29.2	29.4	---	4	3	8.1	4.7	7.9	---	72	3
Tomatoes	Pound	32.3	36.8	28.8	30.1	-12	12	11.7	13.0	10.5	10.6	-10	11
Peaches, canned	No. 2 1/2 can	34.7	35.5	32.1	34.3	-2	8	5.3	5.5	5.3	6.1	-4	0
Pears, canned	No. 2 1/2 can	47.8	49.9	46.9	---	-4	2	9.7	12.3	10.2	---	-21	-5
Beets, canned	No. 303 can	17.5	17.3	16.6	---	1	5	1.2	1.1	1.2	---	9	0
Corn, canned	No. 303 can	22.4	22.2	20.1	17.8	1	11	2.8	2.7	2.6	2.4	4	8
Peas, canned	No. 303 can	24.2	24.0	24.0	21.0	1	1	3.5	3.4	3.4	3.1	3	3
Tomatoes, canned	No. 303 can	17.9	17.7	16.1	15.6	1	11	3.3	3.4	3.0	2.3	-3	10
Orange juice, concentrate, frozen	6-ounce can	23.1	22.4	22.0	23.4	3	5	8.6	8.9	9.7	8.2	-3	-11
French fried potatoes, frozen	9 ounces	15.8	15.8	17.5	---	0	-10	2.5	2.5	5.4	---	0	-54
Peas, frozen	10 ounces	20.0	19.8	20.4	19.9	1	-2	3.5	3.5	3.5	3.2	0	0
Beans, navy	Pound	19.9	20.1	17.2	16.3	-1	16	6.8	7.6	6.4	6.9	-11	6
Margarine	Pound	28.8	28.5	27.9	27.4	1	3	9.8	9.0	7.8	7.8	9	26
Peanut butter	12-ounce jar	45.1	45.1	45.1	41.4	0	0	15.0	15.2	15.0	14.1	-1	0
Salad and cooking oil	Pint	39.2	38.6	35.4	---	2	11	10.7	9.6	8.3	---	11	29
Vegetable shortening	3 pounds	89.8	89.4	87.7	90.4	4/	2	34.8	31.5	27.2	28.2	10	28
Sugar	5 pounds	60.3	60.0	58.9	54.5	4/	2	21.6	21.6	21.1	20.2	0	2
Spaghetti with sauce, canned	15 1/2-ounce can	15.8	15.7	15.1	---	1	5	2.2	2.1	1.9	---	5	16

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most farm value figures for April-June 1966 and July-September 1965 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the net farm value for July 1964 to date is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

Table 18.--Farm food products: Farm-retail spread and farmer's share of the retail cost, July-September 1966, April-June 1966, July-September 1965, and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/						Farmer's share			
		July-Sept. 1966	April-June 1966	July-Sept. 1965	1957-59 average	Percentage change from-		July-Sept. 1966	April-June 1966	July-Sept. 1965	1957-59 average
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		659.70	656.48	642.13	594.78	4/	3	41	40	39	39
Meat products		147.69	149.96	144.65	130.58	-2	2	55	55	55	54
Dairy products	Average quantities purchased per urban wage-earner and	100.45	101.20	99.22	95.48	-1	1	48	46	3/ 44	45
Poultry and eggs	clerical-	39.49	39.15	37.56	36.74	1	5	58	57	3/ 56	61
Bakery and cereal products 5/	worker										
All ingredients	household	129.35	128.76	127.42	117.85	4/	2	23	22	21	21
Grain	in	---	---	---	---	---	---	18	17	16	16
All fruits and vegetables	1960-61	178.01	171.93	168.41	152.91	4	6	26	27	27	25
Fresh fruits and vegetables ..		81.78	76.58	79.29	62.45	7	3	32	34	31	31
Fresh fruits		35.53	29.60	32.20	24.00	20	10	29	35	3/ 30	34
Fresh vegetables		46.25	46.98	47.09	38.45	-2	-2	33	34	32	30
Processed fruits and vegetables		96.23	95.35	89.12	90.46	1	8	20	20	3/ 23	19
Fats and oils		26.11	26.82	26.99	26.37	-3	-3	33	31	28	30
Miscellaneous products		38.60	38.66	37.88	34.85	4/	2	19	18	18	18
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		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	35.3	34.6	35.7	29.8	2	-1	58	60	3/ 58	62
Lamb, Choice grade	Pound	41.8	40.3	35.1	29.8	4	16	52	54	57	57
Pork	Pound	30.6	32.6	28.9	29.5	-6	6	58	55	59	51
Butter	Pound	19.7	20.8	20.7	20.6	-5	-5	77	74	3/ 72	72
Cheese, American process	1/2 pound	23.2	23.8	22.6	18.1	-3	3	46	3/ 43	40	44
Ice cream	gallon	55.1	54.4	56.3	60.8	1	-2	33	3/ 31	3/ 28	28
Milk, evaporated	14 1/2-ounce can	8.1	8.2	8.8	8.3	-1	-8	50	3/ 47	42	43
Milk, fresh											
Home delivered	1/2-gallon	31.9	31.8	30.6	28.9	4/	4	43	42	42	43
Sold in stores	gallon	26.2	26.0	25.2	24.7	1	4	48	47	47	47
Chickens, frying, ready-to-cook ..	Pound	20.9	20.2	19.6	19.1	3	7	50	52	3/ 51	56
Eggs, Grade A large	Dozen	20.1	20.9	19.7	20.1	-4	2	66	62	62	64
Bread, white											
All ingredients	Pound	18.5	18.2	17.4	15.5	2	6	18	17	16	16
Wheat	Pound	---	---	---	---	---	---	14	13	13	13
Bread, whole or cracked wheat	Pound	25.5	24.8	23.9	---	3	7	13	12	11	---
Cookie, sandwich	Pound	46.4	46.0	46.4	---	1	0	10	9	8	---
Corn flakes	12 ounces	27.3	26.9	26.3	22.1	1	4	10	9	9	10
Flour, white	5 pounds	34.3	35.8	36.9	34.5	-4	-7	42	39	36	35
Apples	Pound	17.1	11.8	14.7	11.4	45	16	27	43	27	29
Grapefruit	Each	12.3	11.1	12.9	8.0	11	-5	30	24	3/ 22	25
Lemons	Pound	17.0	16.8	18.0	14.2	1	-6	29	28	3/ 21	23
Oranges	Dozen	62.0	58.0	56.8	42.8	7	9	26	23	3/ 29	35
Cabbage	Pound	7.7	9.3	6.8	6.3	-17	13	36	26	26	28
Carrots	Pound	11.6	10.3	11.2	10.8	13	4	33	41	33	26
Celery	Pound	11.5	10.4	10.4	10.9	11	11	38	3/ 35	33	29
Cucumbers	Pound	13.0	21.1	12.1	---	-38	7	35	28	35	---
Lettuce	Head	17.7	16.3	15.7	16.6	9	13	38	33	31	27
Onions	Pound	9.4	6.5	9.0	6.7	45	4	37	52	34	34
Peppers, green	Pound	21.3	25.4	21.2	---	-16	4/	36	39	29	---
Potatoes	10 pounds	55.7	56.3	67.8	40.5	-1	-18	28	31	32	31
Spinach	10 ounces	22.2	24.5	21.5	---	-9	3	27	16	27	---
Tomatoes	Pound	20.6	23.8	18.3	19.5	-13	13	36	35	36	35
Peaches, canned	No. 2 1/2 can	29.4	30.0	26.8	28.2	-2	10	15	15	3/ 17	18
Pears, canned	No. 2 1/2 can	38.1	37.6	36.7	---	1	4	20	25	22	---
Beets, canned	No. 303 can	16.3	16.2	15.4	---	1	6	7	6	7	---
Corn, canned	No. 303 can	19.6	19.5	17.5	15.4	1	12	12	12	3/ 13	13
Peas, canned	No. 303 can	20.7	20.6	20.6	17.9	4/	4/	14	14	14	15
Tomatoes, canned	No. 303 can	14.6	14.3	13.1	13.3	2	11	18	19	3/ 19	15
Orange juice, concentrate, frozen	6-ounce can	14.5	13.5	12.3	15.2	7	18	37	40	44	35
French fried potatoes, frozen	9 ounces	13.3	13.3	12.1	---	0	10	16	16	3/ 31	---
Peas, frozen	10 ounces	16.5	16.3	16.9	16.7	1	-2	18	18	3/ 17	16
Beans, navy	Pound	13.1	12.5	10.8	9.4	5	21	34	38	37	42
Margarine	Pound	19.0	19.5	20.1	19.6	-3	-5	34	32	28	28
Peanut butter	12-ounce jar	30.1	29.9	30.1	27.3	1	0	33	34	33	34
Salad and cooking oil	Pint	28.5	29.0	27.1	---	-2	5	27	25	23	---
Vegetable shortening	3 pounds	55.0	57.9	60.5	62.2	-5	-9	39	35	31	31
Sugar	5 pounds	38.7	38.4	37.8	34.3	1	2	36	36	36	37
Spaghetti with sauce, canned	15 1/2-ounce can	13.6	13.6	13.2	---	0	3	14	13	13	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread figures for April-June 1966, and July-September 1965 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share for July 1964 to date is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

Table 19.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, July-September 1966

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,112.46	---	---	452.76	659.70	41
Meat products			330.24	---	---	182.55	147.69	55
Dairy products			193.87	---	---	93.42	100.45	48
Poultry and eggs			93.77	---	---	54.28	39.49	58
Bakery and cereal products 3/								
All ingredients	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	168.41	---	---	39.06	129.35	23
Grain			---	36.10	5.73	30.37	---	18
All fruits and vegetables			239.48	---	---	61.47	178.01	26
Fresh fruits and vegetables			119.86	---	---	38.08	81.78	32
Fresh fruits			50.34	---	---	14.81	35.53	29
Fresh vegetables			69.52	---	---	23.27	46.25	33
Processed fruits and vegetables			119.62	---	---	23.39	96.23	20
Fats and oils			39.22	---	---	13.11	26.11	33
Miscellaneous products			47.47	---	---	8.87	38.60	19
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	84.4	55.2	6.1	49.1	35.3	58
Lamb, Choice grade	2.37 lb. lamb	Pound	86.9	53.1	8.0	45.1	41.8	52
Pork	2.00 lb. hogs	Pound	73.6	49.4	6.4	43.0	30.6	58
Butter	Cream and whole milk	Pound	85.1	---	---	65.4	19.7	77
Cheese, American process	Milk for American cheese	Pound	43.0	---	---	19.8	23.2	46
Ice cream	Cream, milk, and sugar	Gallon	82.0	---	---	26.9	55.1	33
Milk, evaporated	Milk for evaporating	14 1/2-ounce can	16.2	---	---	8.1	8.1	50
Milk, fresh								
Home delivered	4.39 lb. Class I milk	1/2 gallon	56.4	---	---	24.5	31.9	43
Sold in stores	4.39 lb. Class I milk	1/2 gallon	50.7	---	---	24.5	26.2	48
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	42.1	---	---	21.2	20.9	50
Eggs, Grade A large	1.03 dozen	Dozen	59.7	---	---	39.6	20.1	66
Bread, white								
All ingredients	Wheat and other ingredients	Pound	22.5	---	---	4.0	18.5	18
Wheat .....	.877 lb. wheat	Pound	---	3.6	.4	3.2	---	14
Bread, whole or cracked wheat .....	.703 lb. wheat	Pound	29.2	---	---	3.7	25.5	13
Cookies, sandwich .....	.528 lb. wheat	Pound	51.3	---	---	4.9	46.4	10
Corn flakes	2.87 lb. yellow corn	12 ounces	30.2	4/ 6.9	4/ 4.0	4/ 2.9	27.3	10
Flour, white	6.8 lb. wheat	5 pounds	59.5	28.1	2.9	25.2	34.3	42
Apples	1.04 lb. apples	Pound	23.3	---	---	6.2	17.1	27
Grapefruit	1.03 grapefruit	Each	17.5	---	---	5.2	12.3	30
Lemons	1.04 lb. lemons	Pound	24.1	---	---	7.1	17.0	29
Oranges	1.03 doz. oranges	Dozen	83.7	---	---	21.7	62.0	26
Cabbage	1.08 lb. cabbage	Pound	12.0	---	---	4.3	7.7	36
Carrots	1.03 lb. carrots	Pound	17.2	---	---	5.6	11.6	33
Celery	1.08 lb. celery	Pound	18.4	---	---	6.9	11.5	38
Cucumbers	1.09 lb. cucumbers	Pound	20.0	---	---	7.0	13.0	35
Lettuce	1.88 lb. lettuce	Head	28.4	---	---	10.7	17.7	38
Onions	1.06 lb. onions	Pound	14.9	---	---	5.5	9.4	37
Peppers, green	1.09 lb. peppers	Pound	33.1	---	---	11.8	21.3	36
Potatoes	10.42 lb. potatoes	10 pounds	77.1	---	---	21.4	55.7	28
Spinach .....	.71 lb. spinach	10 ounces	30.3	---	---	8.1	22.2	27
Tomatoes	1.18 lb. tomatoes	Pound	32.3	---	---	11.7	20.6	36
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2 1/2 can	34.7	---	---	5.3	29.4	15
Pears, canned	1.85 lb. pears for canning	No. 2 1/2 can	47.8	---	---	9.7	38.1	20
Beets, canned	1.24 lb. beets for canning	No. 303 can	17.5	---	---	1.2	16.3	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	22.4	---	---	2.8	19.6	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	24.2	---	---	3.5	20.7	14
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	17.9	---	---	3.3	14.6	18
Orange juice, concentrate, frozen	3.42 lb. oranges	6-ounce can	23.1	---	---	8.6	14.5	37
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	15.8	---	---	2.5	13.3	16
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.0	---	---	3.5	16.5	18
Beans, navy	1.00 lb. Mich. dry beans	Pound	19.9	---	---	6.8	13.1	34
Margarine	Soybeans, cottonseed, and milk	Pound	28.8	---	---	9.8	19.0	34
Peanut butter	1.33 lb. peanuts	12-ounce jar	45.1	---	---	15.0	30.1	33
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	39.2	---	---	10.7	28.5	27
Vegetable shortening	Soybeans and cottonseed	3 pounds	89.8	---	---	34.8	55.0	39
Sugar	Sugar beets and cane	5 pounds	60.3	22.9	1.3	5/ 21.6	5/ 38.7	5/ 36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15 1/2-ounce can	15.8	---	---	2.2	13.6	14

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, by product allowance, net farm value and farmer's share are based on the market price of wheat received by farmers plus 75 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

4/ Based on the market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.5 cents, farm-retail spread adjusted for Government processor tax was 36.0 cents, and farmer's share of retail cost based on adjusted farm value was 42 percent.

Table 20.--Ice cream, retail price, farm value, farm-retail spread, and farmer's share of retail price, 1951-66

(Revision of table 12, page 18 of Farm-Retail Spreads for Food Products 1947-64, U.S. Dept. Agri., ERS-226. Revision resulted from changes in the method of computing the farm value.)

Year and quarter	Retail price per 1/2 gal.	Farm value <u>1</u> /	Farm-retail spread	Farmer's share
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>
1951	85.5	24.6	60.9	29
1952	86.2	25.4	60.8	29
1953	85.6	22.7	62.9	27
1954	84.3	20.4	63.9	24
1955	82.5	20.2	62.3	24
1956	82.2	20.9	61.3	25
1957	83.7	21.1	62.6	25
1958	84.4	20.8	63.6	25
1959	84.4	21.1	63.3	25
1957-59 average.	84.2	21.0	63.2	25
1960	83.5	21.5	62.0	26
1961	83.2	21.8	61.4	26
1962	82.5	20.9	61.6	25
1963	81.8	21.2	60.6	26
1964	80.4	21.8	58.6	27
1965	78.7	22.1	56.6	28
<u>1965</u>				
Jan.-Mar.	79.5	21.9	57.6	28
Apr.-June	79.3	21.8	57.5	27
July-Sept.	78.2	21.9	56.3	28
Oct.-Dec.	78.0	22.8	55.2	29
<u>1966</u>				
Jan.-Mar.	78.2	23.9	54.3	31
Apr.-June	78.8	24.4	54.4	31
July-Sept.	82.0	26.9	55.1	33

1/ Payment to farmer for cream, milk, and sugar beets and sugar cane, adjusted for value of byproducts.

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